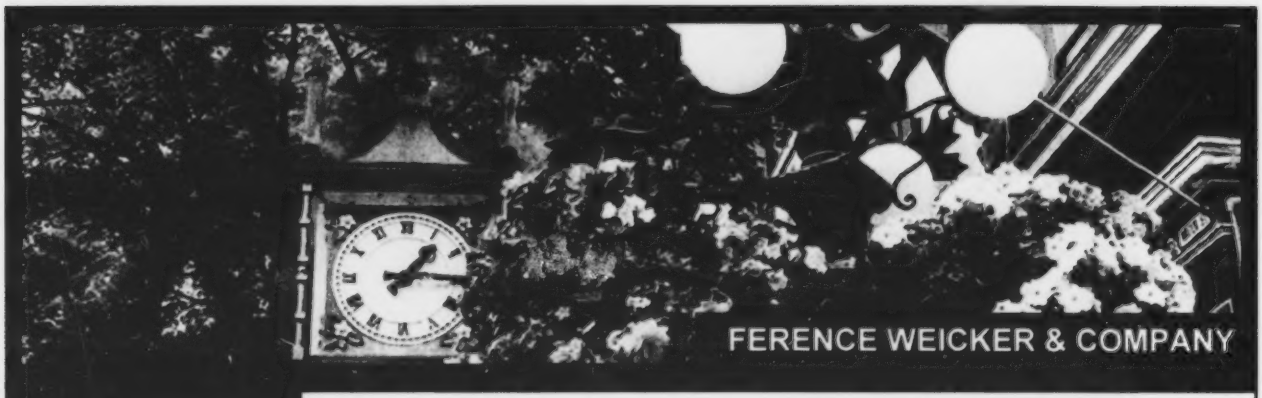

EVALUATION OF THE ECONOMIC MEASURES FUND

Final Report
Prepared for the Ministry of Aboriginal Relations and Reconciliation

November 15, 2005

EXECUTIVE SUMMARY

Purpose of the Evaluation

The purpose of this study is to conduct an evaluation of the Economic Measures Fund (EMF). The EMF was established by the Ministry of Aboriginal Relations and Reconciliation (formerly the Treaty Negotiations Office) to build First Nations economic/business development capacity, increase First Nations participation in mainstream economic initiatives and improve the investment climate in BC. A total of $24.8 million in EMF was provided to 145 projects during the three-year period from April 2002 to March 2005. Some characteristics of these projects are:

- Of the 145 projects, almost one-half (72) were approved for a single year of funding while 44 were approved for two years and 29 were approved for three years.
- The projects involved all regions of BC. The North Coast region participated in the largest number of EMF projects while EMF projects in Southwestern BC received the highest proportion of funding.
- The projects involved a variety of economic sectors, with forestry and tourism targeted the most frequently.
- The types of projects approved consisted of a wide range of economic development activities for First Nations people including training, business plans for forest tenure applications and a variety of businesses, sector development strategies and infrastructure improvements.

Method of Study

The key methodologies employed to conduct the evaluation were as follows:

- Interviews with a sample of 41 program representatives involved in the delivery of the EMF including representatives of the Ministry of Aboriginal Relations and Reconciliation and other ministries.
- Case studies of a stratified sample of 24 projects that received funding from the EMF.
- Interviews with 90 project proponents involved with the sample of 24 approved projects. The project proponents interviewed include First Nations, contractors and ministry representatives.

Conclusions

Our key conclusions regarding the accomplishments and effectiveness of the EMF are as follows:

Program Accomplishments

1. **The EMF did result in a significant increase in First Nations participation and investment in the local economy.**

   Evidence of this is provided by a sample of 24 projects, which resulted in the creation or expansion of at least 81 First Nations businesses. In addition, the sample of 24 EMF projects resulted in a total investment of $36.6 million in First Nations economic development projects of which only $10.7 million was provided by EMF. The total investment by First Nations organizations in these projects was $4.8 million. Extrapolation of these findings to the entire 145 EMF projects would result in a considerably greater number of First Nations businesses that have been created or expanded as well as much larger investment in the local economy by First Nations.

2. **The EMF has generated significant economic benefits to First Nations.**

In addition to the creation or expansion of 81 First Nations businesses and the preparation of business plans for additional businesses, other economic benefits generated by the sample of 24 EMF projects included the creation of a total 645 jobs ranging from seasonal to full-time positions for individuals and the training of 1,090 First Nations members. Extrapolation of these findings to the entire 145 EMF projects would result in considerably greater economic benefits to First Nations. (The reader should be cautioned that this data is based on estimates provided by project proponents and no attempt has been made to verify the accuracy of the information reported).

3. **The EMF has enhanced First Nations economic/business development capacity.**

The economic/business development capacity of First Nations organizations has been enhanced in a number of different ways including the creation and expansion of First Nations businesses; establishment of economic development organizations/business centers; the preparation of business plans and sector development strategies; and the training of First Nations members. Some EMF projects involved industry organizations providing advice and training to enable First Nations to participate to a greater extent in sectors such as tourism and mining. Other EMF projects provided the necessary infrastructure such as roads and power to enhance First Nations economic/business development capacity.

4. **The EMF had some impact in increasing First Nations participation in local decision-making and planning processes.**

The project proponents surveyed indicated that some EMF projects had a significant impact in developing and increasing First Nations involvement in local decision making and planning. As an illustration, EMF projects enabled First Nations representatives to participate in steering committees, on Boards and Councils, and in collaborative working relationships that involved different levels of government and industry. While some projects did increase First Nations participation in local decision-making and planning processes, this was not the major focus because the EMF was primarily an economic development program.

5. **The EMF did contribute significantly towards an improved investment climate for business/industry in BC.**

This was accomplished primarily by the establishment of positive working relationships, joint ventures and partnerships between industry and First Nations. As an illustration, industry invested a total of $4.3 million through joint ventures and partnerships in the sample of 24 EMF projects investigated. Extrapolation of these findings to the 145 EMF projects would result in a significantly greater investment by industry. Some examples of how the EMF contributed towards an improved investment climate are the formation of joint ventures and partnerships to harvest and process the forest resources made available from forest tenures granted to First Nations organizations by the provincial government. Another example is the significant investment by industry in the Whistler Cultural Centre project.

6. **The EMF has increased First Nations participation in mainstream economic initiatives and created a greater stake in the provincial economy for First Nations.**

Most progress has been achieved in the forest sector because a number of EMF projects have resulted in the creation or expansion of First Nations businesses as well as the formation of joint ventures and partnerships between First Nations and industry to capitalize on the economic development opportunities resulting from forest tenures awarded to First Nations organizations by

the BC government. In addition, some progress has been made in increasing First Nations participation in a number of other sectors including tourism, mining and aquaculture. However, much more resources are still required to achieve significant First Nations participation in mainstream economic initiatives and to create a substantial stake in the provincial economy for First Nations.

7. **Insufficient time has elapsed since completion of most EMF projects to assess the full economic outcomes of the EMF.**

Because many of the EMF projects are at an early stage (many EMF projects only resulted in the completion of a business plan), it is not possible at this time to indicate the economic benefits that will be achieved by these projects over the long term.

8. **The EMF was instrumental in ensuring that a number of First Nations economic development projects proceeded.**

Evidence of this is that project proponents involved with the sample projects indicated that, on average, only one out of five EMF projects would have proceeded without assistance from the EMF.

9. **There were no major negative or unexpected outcomes from the EMF.**

Some minor negative outcomes expressed by only a few respondents were as follows:

- A few First Nations organizations wanted more involvement in the EMF project development and selection process;
- Some First Nations organization expressed dissatisfaction because they did not receive any EMF funding;
- A few EMF projects were not fully supported by some First Nations organizations and individuals.

One unexpected outcome of the EMF was differences of opinion between MARR and line ministry staff regarding the most appropriate program delivery structure. A number of line ministry staff indicated that they would have preferred if each line ministry was allocated a proportion of EMF funds and then each ministry would be responsible for selecting and approving EMF projects.

Need for the Program

10. **There was a need for the EMF when it was established.**

The need was real because the rate of unemployment of First Nations was high and there was slow progress in First Nations increasing their stake in local economies due to a number of factors including lack of appropriate skills and capacity for economic development as well as funding for economic development projects. At the time the EMF was established, there was considerable uncertainty over lands and resources in BC due to disputes over the specifics of aboriginal rights, which also hindered economic investment in the province. There was also a real need to provide industry with some certainty that economic development could proceed without disruption because uncertainty was resulting in the loss of business opportunities.

11. **The EMF was the appropriate tool to address the needs that existed when the EMF was established.**

The EMF was the appropriate tool because it provided funding for First Nations to proceed with economic development projects and to obtain additional skills and capacity for economic development.

12. **The EMF filled a gap because no other significant funding sources were available that could support a broad range of projects across a wide range of economic sectors and regions.**

13. **There still exists a need for the EMF because many of the problems that existed at the time of the EMF have continued.**

There still exists a high rate of unemployment among First Nations in BC. There is also a continuing need to build further economic capacity in some First Nations organizations as well as provide training to First Nations members to enable them to undertake economic development projects. From an overall perspective, First Nations stake in the provincial economy is still quite limited and considerably more can be done to establish arrangements between industry and First Nations to create a stable economic climate.

Program Design and Delivery

14. **The use of a centralized model for overall coordination of the EMF was efficient and effective.**

The benefits obtained from employing a centralized model rather than decentralizing the program to line ministries included the following:

- Facilitated the coordination of funding from multiple sources including the federal government, First Nations and industry.
- Ensured that projects were completed and program funds were dispersed within the tight deadlines established for most EMF projects;
- Facilitated more rigorous and consistent reporting of EMF project activities; and
- Achieved efficiencies in administration by centralizing this activity to one ministry.

15. **The use of project managers from relevant line ministries was very effective.**

The primary advantage of this approach is that it ensured project managers had expertise in the sector that the EMF project was focused on.

16. **The time frame for the development and selection of EMF project proposals was too short.**

Of the 145 projects, 107 were approved during the first fiscal year. Consequently, very little time was allowed for the development and execution of strategies to ensure the most appropriate EMF projects were selected.

17. **The methods employed to develop and select EMF projects were ad-hoc and based primarily on the needs perceived by line ministry staff.**

Due to the tight time frames for the selection of projects, the primary method employed to identify projects was to consult with line ministry staff to obtain their perceptions of the most appropriate projects that should receive EMF funding. A more systematic approach to select EMF projects would have been to develop a First Nations economic development strategy for the province and then to proactively work with First Nations to develop project proposals that best comply with this First Nations economic development strategy. While there were initial plans to develop sector strategies to guide the development and selection of EMF projects, this was never undertaken due to the short time frame of the program.

18. **The better types of EMF projects to focus on are those that match the stage of economic development of different First Nations organizations.**

It is not possible to use a ratio of the number of jobs created to the amount of EMF support to analyze which EMF projects have been more successful than others because this does not reflect the fact that some First Nations organizations at the early stage of economic development require assistance such as training in economic/business development as well as funding for opportunity identification studies while First Nations at a more advanced stage of economic development require funding for capital investment in existing and new businesses.

19. **Problems were experienced in obtaining matching funding from the federal government for some EMF projects.**

The initial goal of obtaining matching BCEPI funding from the federal government for most EMF projects was not achieved as only some EMF projects received BCEPI funding. As an illustration, only about 40% of the 24 sample EMF projects received BCEPI funding. One major reason for the lack of BCEPI funding was the time frame for review and approval of BCEPI projects was too long to comply with the short approval times established for the EMF program. Another reason was the lack of sufficient federal-provincial coordination in the development and selection of projects.

20. **The program was effective in obtaining funding for the implementation of the EMF agreements from First Nations, industry and other provincial government programs.**

The EMF obtained good leverage by obtaining funding from multiple sources for most projects. As evidence of this leverage, $25.9 million was provided by other sources to supplement the $10.7 million in EMF funding for the 24 sample EMF projects. The total funding obtained from industry for the 24 sample projects was $4.3 million while First Nations contributed a total of $4.8 million. The federal government (particularly Indian and Northern Affairs Canada) contributed a total of $7.8 million while $9.0 million was obtained from other BC government programs for the sample projects.

21. **Program delivery was constrained because of the inability to transfer funding from one fiscal year to another.**

In summary, the EMF was successful in contributing towards its objectives which are to build First Nations economic/business development capacity, increase First Nations participation in mainstream economic initiatives and improve the climate for business/industry in BC. However, many of the EMF projects are in the early stage of development. A considerably longer time frame is required to determine the full outcomes from these projects. In addition, more funding is required to fully realize the benefits from these projects. In addition, it must be noted that the EMF projects affected only some First Nations and were limited in their scope from a provincial economic perspective. Consequently, much more resources are required to fully accomplish EMF objectives and ensure that First Nations have a significant stake in the provincial economy.

RECOMMENDATIONS

Our recommendations to enhance the efficiency and effectiveness of future programs are as follows:

1. **The EMF should be continued on a long-term basis by the BC government.**

While the EMF made a difference relative to the intent of the program, much more resources are required to address the outstanding needs which include limited First Nations capacity and financial resources for economic development and the need to establish more arrangements between industry and First Nations to create a stable economic climate. Furthermore, a long-term program is required to more strategically implement the program and to cater to the different stages of capacity of First Nations groups.

2. **EMF funding of at least $10 million per year should be provided.**

   This minimum level of funding is needed in order to make a significant contribution to EMF objectives. Additional funding is required to implement the business plans and strategies developed with EMF support. Funding is also required for other First Nations projects throughout BC.

3. **The flexibility of the EMF program to support a wide range of projects across different sectors should be retained.**

   This flexibility is necessary to recognize the fact that First Nations organizations throughout BC are at different stages of economic development and therefore require different types of support depending on their stage of economic development.

4. **A First Nations economic development strategy for the province should be prepared to guide the development and selection of EMF projects.**

   The economic development strategy should specify the types of projects that should be undertaken to best contribute to the objectives of the EMF. In particular, the development of the strategy should include the following:

   - Assessment of the needs of First Nations organizations with regard to undertaking economic development projects;
   - Analysis of the opportunities, constraints, weaknesses and threats to First Nations economic development in BC;
   - Extensive consultations with First Nations organizations throughout BC regarding the most appropriate economic development strategies;
   - Strategies to capitalize on the economic development opportunities identified; and
   - Pre-feasibility assessments of potential economic development projects that comply with the economic development strategy and should be considered for EMF funding.

5. **Based on a First Nations economic development strategy, a systematic and proactive approach should be employed to select EMF projects.**

   The First Nations economic development strategy should guide the selection of EMF projects. Based on the strategy, program staff should proactively work with line ministry staff and First Nations to develop project proposals that best comply with the First Nations economic development strategy.

6. **A centralized model of program delivery should be employed because it is more effective in delivering a systematic and proactive approach to select EMF projects.**

7. **The use of project managers from relevant line ministries should be continued.**

   The role of project managers should include assistance in project development as well as support during implementation of the EMF projects.

8. **More input and consultations should be undertaken with First Nations during the identification, development and implementation of EMF projects.**

   An EMF advisory committee consisting of First Nations members should be established to guide the implementation of the program. This advisory committee should also contain representatives from line ministries.

9. **A mechanism to transfer funding from one fiscal year to another should be employed to provide more flexibility in the implementation of EMF projects.**

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I. OVERVIEW OF THE ECONOMIC MEASURES FUND

This chapter provides a brief description of the Economic Measures Fund (EMF) and a profile of the approved projects.

A. PROGRAM OBJECTIVES

The EMF was established to contribute to an improved investment climate in BC and to provide economic opportunities for First Nations. The specific objectives of the EMF were:

1. To improve the investment climate for business/industry in British Columbia;
2. To increase First Nations participation in mainstream economic initiatives and create a stake in the provincial economy for all First Nations; and
3. To build First Nations economic/business development capacity.

B. FUNDING

The budget established for the EMF was $30 million, which consisted of $10 million a year provided solely by the BC government for a period of three years commencing April 2002. Of this available funding, $26.5 million was approved for the funding of 145 projects. Actual program expenditures on these approved projects amounted to approximately $24.8 million. Appendix 1 provides a breakdown of the EMF support provided to each project.

C. ELIGIBLE PROJECTS AND PROPONENTS

1. Eligible Projects

The types of projects that the EMF was designed to support include the following:

- Partnerships between aboriginal communities and industry;
- Partnerships between aboriginal communities and local government;
- Increased First Nations access to resource tenures;
- Measures that address specific land and resource issues, including First Nations involvement in strategic land use planning; and
- Measures that increase First Nations capacity to engage in the economy.

2. Target Population

Under the EMF, economic measures were available to First Nations and Metis groups in the province. The public could not apply directly to the EMF.

D. INTENDED OUTCOMES

It was intended that implementation of EMF agreements would result in increased First Nations participation and investment in the local economy, economic benefits to First Nations, enhanced First Nations economic/business development capacity and greater First Nations participation in local decision-

making and planning processes. In turn, it was intended that the EMF agreements would provide First Nations with increased opportunities to participate in, and build a stake in, economic development throughout the province, which would result in more cooperation between First Nations and industry regarding business development and an improved investment climate in BC.

The intended short-term and long-term outcomes of the EMF were as follows:

Intended Short-Term Outcomes (1 to 5 years)

- Increased First Nations participation and investment in the local economy specific to the EMF agreements (e.g. business plan or feasibility study for joint venture, investment proposal, establishment of joint venture/partnerships, establishment or expansion of First Nations businesses);
- Increased economic benefits to First Nations (e.g. training, jobs, etc.);
- Enhanced First Nations economic/business development capacity;
- Increased access to resources;
- Greater First Nations participation in local decision-making and planning processes; and
- Increased business certainty and an improved investment climate in EMF project areas.

Intended Long-Term Outcomes (5 to 10 years)

- Increased economic activity in areas specific to EMF agreements (e.g. business investment, expansion, etc.);
- Increased employment;
- Reduced business disruptions;
- Increased First Nations participation in mainstream economic initiatives;
- More cooperation between First Nations and industry regarding business development; and
- Reduced incidence of litigation by First Nations with respect to aboriginal rights or title.

E. PROGRAM DELIVERY

1. Delivery Structure

The roles and responsibilities of the different committees, organizations and individuals involved in the delivery of the EMF were as follows:

a. Ministry of Aboriginal Relations and Reconciliation (MARR)

MARR (formerly the Treaty Negotiations Office) administered the EMF on behalf of the BC government, in cooperation with line agencies. MARR and line ministries identified opportunities to foster private sector participation through 'in-kind' or actual contributions, including mentoring, training, and job shadowing as well as broader joint ventures and partnerships. The BC government also sought contributions from federal and local governments.

More specifically, MARR was responsible for:

- Overall co-ordination of the EMF, in consultation with line ministries;
- Administration of the EMF; and
- Conducting an evaluation of the EMF.

b. Project Managers

All proposals identified a project manager that had lead responsibility for the project. In general, the project manager was from the ministry or agency with the most relevant expertise. Project managers were responsible for:

- Developing EMF proposals using a standard proposal template.
- Undertaking negotiations to conclude EMF agreements with First Nations, with negotiation support from MARR, as required.
- Implementing EMF agreements once finalized
- Monitoring and review of projects, as set out in the EMF agreements and program guidelines.

c. Project Review Process

A cross-ministry review process was employed that included the BC Ministry of Economic Development (formerly the Ministry of Competition, Science and Enterprise) providing advice regarding whether the EMF proposals complied with the "no business subsidy" policy of the BC government.

2. Proposal Development Process

Staff from MARR and other ministries worked with First Nations, industry, local government, federal government and other parties to identify opportunities that quality for funding. EMF projects generally were the result of negotiations between representatives from the provincial government and First Nations as well as industry and other levels of government, in some instances. Representatives of ministries or agencies brought forward proposals emerging from the negotiation process for consideration.

F. PROFILE OF APPROVED PROJECTS

A total of 145 projects were approved for funding under the EMF and these projects were undertaken by 93 different organizations. The characteristics of approved projects are as follows:

1. The types of projects approved consisted of a wide range of economic development activities for First Nations people.

Many of the projects included a significant training component. Of the 145 projects, we identified 34 as having significant training and education components across a variety of sectors. The approved funding for these projects (including funding for non-training components) accounts for about $10.7 million, which represents about 40% of the funding approved under the EMF. The other types of projects that received EMF funding include the following:

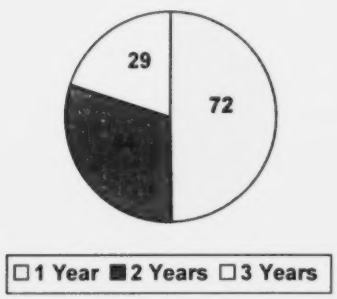
- Business plans for forest tenure applications and a variety of other businesses;
- Forestry, tourism, shellfish aquaculture, and other sector economic development strategies;
- Market assessments and marketing strategy development;
- Land-use planning accord projects;
- Participation in independent power production projects;
- Planning for commercial sites and industrial parks;
- Planning for and development of eco-tourism, cultural tourism, and interpretive centres;
- Participation in environmental assessments; and Road infrastructure improvements.

2. **Of the 145 projects, almost one-half (72) were approved for a single year of funding while 44 were approved for two years and 29 were approved for three years.**

The multi-year projects tend to be significantly larger than the single year projects in terms of the amount of funding approved. The average funding approved for a one-year project was $67,362 as compared to $189,577 for a two-year project and $460,512 for a three-year project. Multi-year projects accounted for 51% of the total number of projects and 81% of the total funding approved.

NUMBER AND VALUE OF PROJECTS APPROVED BY YEARS OF FUNDING

Number of Projects Approved



Value of Projects Approved ($ millions)

3. **The funding approved in each of the fiscal years declined from $10.7 million in 2002-03 to $9.0 million in 2003-04 and $6.8 million in 2004-05.**

Of the 145 projects, 107 were approved to receive funding in 2002-03 including 43 single-year projects. A further 61 projects were scheduled to be completed by March 2004 and the final 41 were to be completed by March 2005. Only one project was not completed by March 2005 and will be completed by March 2006. Only two of the other 145 approved projects did not complete all components of their project plans.

NUMBER AND VALUE OF PROJECTS FUNDED BY YEAR FOR THE PERIOD 2002/2003 TO 2004/2005

Fiscal Year	Projects Receiving EMF Funding	Projects Scheduled to Be Completed	EMF Funding Approved ($ millions)
2002-2003	107	43	$10.7
2003-2004	99	61	$9.0
2004-2005	41	41	$6.8
Total	145[1]	145	$26.5
Average Funding Approved Per Project			**$183,000**

1 The numbers add up to more than 145 because about one half of the projects were approved to receive funding in more than one fiscal year.

2. **Of the 145 projects, almost one-half (72) were approved for a single year of funding while 44 were approved for two years and 29 were approved for three years.**

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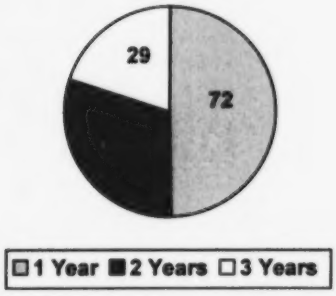

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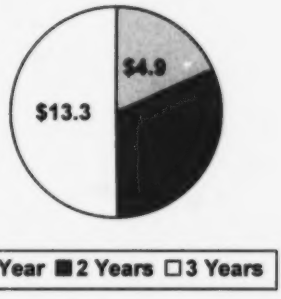

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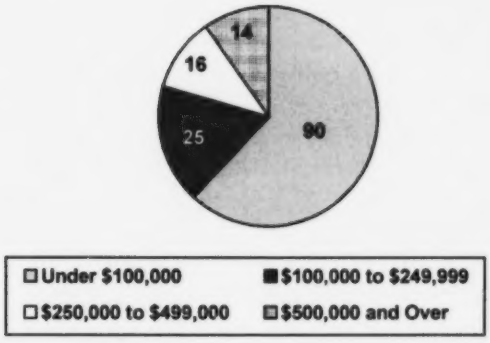
4. **The largest 14 projects (10% of the total number of projects approved) accounted for $13.0 million (49%) of the total funding of $26.5 million.**

Proposals receiving EMF funding of $250,000 or more accounted for 21% of the total number of projects and 70% of the total funding approved. In contrast, projects that received less than $100,000 represented 62% of the total number of projects but only 15% of the total EMF funding approved.

NUMBER AND VALUE OF PROJECTS APPROVED BY SIZE OF CONTRIBUTION

Number of Projects Approved



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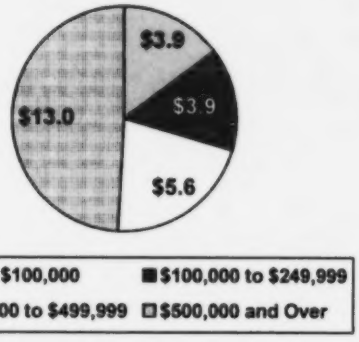


5. **The projects involved all regions of BC.**

The North Coast region participated in the largest number of EMF projects while EMF projects in southwestern BC received the highest proportion of funding.

NUMBER AND VALUE OF PROJECTS APPROVED BY GEOGRAPHIC REGION

Geographic Region	Projects	Funding Approved	% of Funding
1 - Vancouver Island	28	$4,333,033	16.3%
2 - Southwestern BC	25	8,607,443	32.4%
3 - Southern Interior	22	1,991,546	7.5%
4 - Central Interior	13	2,850,879	10.7%
5 - North Coast	36	3,485,368	13.1%
6 - Northeastern BC	16	3,116,967	11.7%
Multi-region	5	2,161,037	8.1%
Total	**145**	**$26,546,273**	**100.0%**

6. **The projects involved a variety of economic sectors, with forestry and tourism being the sectors targeted most frequently.**

The EMF projects that targeted multiple sectors accounted for about 30% of the approved funding.

NUMBER AND VALUE OF PROJECTS APPROVED BY ECONOMIC SECTOR

Economic Sector	Projects	Funding Approved	% of Funding
Multi-sector	26	$7,936,410	29.9%
Tourism	33	5,452,568	20.5%
Forestry	36	5,201,854	19.6%
Aquaculture and Seafood	17	3,155,498	11.9%
Agriculture	4	1,084,500	4.1%
Oil & Gas	5	872,947	3.3%
Mining	4	788,332	3.0%
Land Use Planning	3	702,033	2.6%
Guide Outfitting	3	528,919	2.0%
Electricity Generation	6	387,374	1.5%
Environmental Assessments	6	306,838	1.2%
Other	2	129,000	0.5%
Total	**145**	**$26,546,273**	**100.0%**

II. EVALUATION METHODOLOGY

This chapter describes the purpose and methods employed to conduct an evaluation of the EMF.

A. PURPOSE OF THE EVALUATION

The purpose of the study was to conduct an evaluation of the EMF, which was established to contribute to an improved investment climate in BC and to provide economic opportunities for First Nations. The primary focus of the evaluation was to facilitate a better understanding of the outcomes generated by the EMF. The specific objectives of the evaluation were:

- To provide an evaluation of the EMF that addresses how well it met its objectives and intended outcomes.
- To determine whether the program design is appropriate to the needs identified and to assess the appropriateness of the methods employed to deliver the program.
- To address a commitment made in the EMF business plan to conduct a program evaluation after three years.

B. METHOD OF STUDY

The methodologies that we employed to conduct an evaluation of the EMF were as follows:

1. **Conducted interviews with a sample of 41 program representatives involved in the development and delivery of the EMF.**

   The program representatives interviewed consisted of representatives of the Ministry of Aboriginal Relations and Reconciliation (MARR) and other BC government ministries. Because the majority of these respondents are familiar with a number of the EMF projects, they were asked a series of questions regarding the outcomes of the EMF, the extent to which the EMF has accomplished its objectives, the need for the program, and the appropriateness of program design and delivery. For the sake of clarity, this group of respondents is referred to as "program representatives" throughout the remainder of the report.

2. **Conducted case studies of a stratified sample of 24 projects that received EMF funding.**

   A case study approach was employed to provide an in-depth assessment of the outcomes of EMF projects. The other merit of this approach is that it facilitated an in-depth assessment of the program design and delivery methods employed by the EMF because it was possible to examine how they applied to each case study project. The sample of projects selected for case studies was stratified to include a mixture of projects by sector, region, and type of project. The sample included a higher proportion of larger projects in order to account for the impacts of as large a portion as possible of the total EMF funding provided. In addition, the sample contained a higher proportion of projects that were completed in the first and second years of the program in order to obtain a longitudinal perspective of the program impacts and effects. The following approach was employed to conduct case studies of the stratified sample of 24 projects:

a. Conducted a file review of each of the projects selected for case studies.

The purpose of this review was to obtain the available documentation on the projects including project proposals, project approval forms, progress reports, and project completion reports. We conducted a file review at the offices of the Ministry of Aboriginal Relations and Reconciliation and, where relevant, at other provincial government offices.

b. Conducted in-depth interviews with 90 project proponents involved with the sample of 24 EMF projects.

For the sake of clarity, this group of 90 respondents is referred to as "project proponents" in the remainder of the report. The three sub-groups comprising this project proponent group were as follows:

- 26 project managers and other ministry representatives;
- 39 First Nations individuals and contractors working on the sample projects; and
- 25 First Nations members, contractors and government representatives involved with the sample projects and who were in a position to add specific comments or details regarding aspects of the project but were not able to respond to the survey questions dealing with the outcomes of the project or the overall EMF program.

The first two sub-groups indicated above (consisting of 65 respondents) were asked a series of project specific questions. The second group of respondents indicated above (i.e. representatives of First Nations and contractors working on sample projects) were also asked additional questions regarding their perspective of the overall EMF program (including the need for the program, satisfaction with the program, and recommendations for improvement).

c. Summarized our findings regarding each of the projects selected for case study.

We summarized the sample project objectives, the factors leading to the development of each project, the activities undertaken and the resulting outputs and outcomes.

3. Conducted a review of other programs to compare the nature and type of assistance provided by the EMF.

As part of this step, we reviewed background materials and contacted representatives of a sample of other programs.

4. Analyzed the results of the field research and prepared a report of the evaluation findings.

In assessing accomplishments, it is important to note that it was premature to assess the long-term outcomes of the EMF because insufficient time has elapsed since the completion of most EMF projects. It will take many years to determine the full economic outcomes (e.g. employment and income) that will be generated from activities such as business plans, improved planning, on-going partnerships, enhanced infrastructure (e.g. roads), enhanced skills, and the identification of new opportunities. Due to inability to assess long-term outcomes, the focus of this evaluation was on short-term outcomes. It was assumed that only if the projects were successful in achieving their intended short-term outcomes is it likely that the intended longer-term outcomes will be achieved.

Some limitations of the evaluation were that baseline data was not available due to the very significant effort that would have been required to collect baseline data for the wide variety of EMF projects. In addition, there was very little statistical data regarding the Aboriginal population in BC such as the number of Aboriginal training participants and the number of Aboriginal businesses to assess the overall impact of the EMF on the economic well-being of the Aboriginal population in BC.

C. STRUCTURE OF THE REPORT

The purpose of this report is to evaluate how well the EMF met its objectives and make recommendations to enhance the effectiveness of future programs. The next chapter summarizes the evaluation findings regarding the need for the EMF. Chapter IV indicates the accomplishments of the EMF indicating the extent to which its objectives and the intended outcomes have been achieved. Chapter V presents our findings regarding the design and delivery of the EMF.

III. WAS THERE A NEED FOR THE EMF?

This chapter addresses whether there was a need to establish the EMF and whether the EMF was the appropriate tool for the needs identified. The specific issues addressed in this chapter are as follows:

- Was there a need for the EMF when it was established?
- Is the amount and type of assistance provided by the EMF appropriate to accomplish the objectives of the program?
- Did the EMF complement, overlap or duplicate other programs?
- Is there still a need for the EMF?

The following paragraphs summarize our findings regarding these evaluation issues.

A. RATIONALE FOR THE EMF

The EMF was developed to address the following needs:

- Court decisions stipulated that aboriginal rights including title exist, and that these rights significantly impacted the management of lands and resources. However, disputes continued over the specifics of aboriginal rights, creating uncertainty over the lands and resources and hindering economic investment and development for First Nations and the province.

- To justify investment in the province, industry needed certainty that economic development could proceed without disruption. It was recognized that, while industry may be willing to participate in targeted arrangements with First Nations that create a stable economic climate, industry was looking to government to play a role in the establishment of these arrangements.

- At the same time, First Nations were looking to governments for more timely solutions to increase their stake in local economies.

- The BC government recognized the need to augment the treaty process in order to improve the province's investment climate and provide economic opportunities for First Nations.

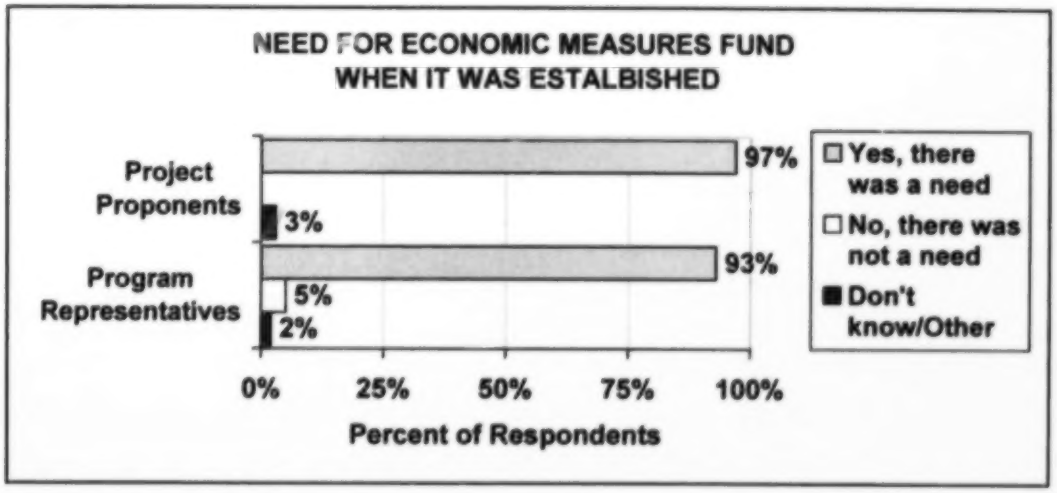
As a result of the above factors, the BC government created the EMF in order to provide economic opportunities for First Nations. In addition, it was intended that the EMF would contribute to an improved investment climate in BC by providing certainty to industry that economic development could proceed without disruption.

B. WAS THERE A NEED FOR THE PROGRAM?

As indicated in the table on the following page, 93% of the program representatives and 97% of the project proponents interviewed indicated that there was a major need for the EMF when it was established. The primary reasons given by respondents why the program was needed three years ago are as follows:

- Disputes over specifics of aboriginal rights created uncertainty over the lands and resources and hindered economic investment and development for First Nations and the province. Respondents indicated that to justify investment in the province, industry required some certainty that economic development could proceed without disruption. Uncertainty was resulting in the loss of business opportunities, which ultimately hinders growth of the provincial economy.

- Capacity issues were constraining the ability of First Nations to increase their stake in local economies and participate more fully in planning and decision-making processes.
- No other significant funding source was available that could support a wide range of types of projects across a wide range of economic sectors and regions.
- The EMF was necessary to leverage investment from the federal government and from industry.
- The EMF was needed as a catalyst to help improve government, industry and First Nations relationships.



C. IS THERE STILL A NEED FOR THE EMF?

Most of the program representatives interviewed (82%) believed that the need for the program has not changed significantly over the past three years and that there still exists a need for the EMF because many of the problems existing at the time of the creation of the EMF have not been completely resolved. Thirteen percent of the respondents felt that the need for the program has increased while 5% believed that the need for the program is not as significant as it was three years ago because some progress had been made and regional economies have improved.

D. FIT WITH OTHER PROGRAMS

The total funding obtained from different sources for the 24 sample projects that we reviewed is estimated to be approximately $36.6 million. Of this amount, about $10.7 million (or 29%) was provided by the EMF. As indicated in the table on the following page, the total funding obtained for the 24 sample projects from industry was $4.3 million while First Nations contributed a total of $4.8 million. The federal government (particularly Indian and Northern Affairs Canada) contributed a total of $7.8 million while $9.0 million was obtained from other BC government programs for the sample projects. Consequently, EMF was able to leverage a significant amount of funding from other sources and the amount contributed by First Nations organizations and industry was significant. (The reader should be cautioned that the data in the following

table is based on estimates provided by project proponents and available records and no attempt has been made to verify the accuracy of the information reported).

SOURCES OF FUNDING FOR THE SAMPLE PROJECTS

Source of Funding	Number of Projects	Funding Obtained ($ millions)	% of Total Funding
EMF	24	$10.7	29%
Federal Government (primarily INAC)	12	$7.8	21%
First Nations Proponents	5	$4.8	13%
Other Provincial Government Programs	6	$9.0	25%
Industry	3	$4.3	12%
Total		**$36.6**	**100%**

Most of the project proponents surveyed indicated that the EMF added to and complemented other resources and initiatives. In particular, the respondents highlighted the positive relationship between the EMF and:

- Other government and industry funding sources (including the federal government and provincial government programs). For example, some of the projects that obtained funding from the EMF also obtained funding from the British Columbia Economic Partnerships Initiative (BCEPI). Other federal government programs were also involved in providing funding for EMF projects;
- Other initiatives related to specific sectors (e.g. forestry, tourism and aquaculture); and
- The treaty negotiation process.

E. CONCLUSIONS

Our conclusions regarding the need for the EMF and whether the EMF was the appropriate tool for the needs identified are as follows:

1. **There was a need for the EMF when it was established.**

   The need was real because the rate of unemployment of First Nations was high and there was slow progress in First Nations increasing their stake in local economies due to a number of factors including lack of appropriate skills and capacity for economic development as well as funding for economic development projects. At the time the EMF was established, there was also considerable uncertainty over lands and resources in BC due to disputes over the specifics of aboriginal rights and the fact that very few treaties had been signed with First Nations, which also hindered economic investment in the province. There was also a real need to provide industry with some certainty that that economic development could proceed without disruption because uncertainty was resulting in the loss of business opportunities.

2. **The EMF was the appropriate tool to address the needs that existed when the EMF was established.**

   The EMF was the appropriate tool because it provided funding for First Nations to proceed with economic development projects and to obtain additional skills and capacity for economic development. A key advantage of the EMF was that it was very flexible and was able to provide support for different types of projects across a broad range of economic sectors and regions. The flexibility provided by the EMF allowed First Nations and their partners to think creatively and to undertake large multi-year projects and plan strategically, while taking into account the corporate priorities of government as well as the economic opportunities available across sectors of the economy. This flexibility was also very appropriate because it recognized that First Nations organizations across BC had different stages of capacity thereby requiring different types of support. As an illustration, EMF was sufficiently flexible to provide capacity building support for First Nations organizations that were at the early stages of economic development as well as funding for investments in specific businesses for First Nations organizations that were more advanced in terms of economic development and had already identified viable economic development opportunities but needed funding to proceed.

3. **The EMF filled a gap because no other significant funding sources were available that could support a broad range of projects across a wide range of economic sectors and regions.**

4. **There still exists a need for the EMF because many of the problems that existed at the time of the EMF have continued.**

   There still exists a high rate of unemployment among First Nations in BC. According to the Aboriginal Peoples Labour Force Survey reported by BC Stats, the average unemployment rate of North American Indians in BC was 20.9% in 2004/05, which is more than three times higher than the average unemployment rate of 6.6% for non-aboriginal peoples during this same period. In addition, there still exists a real need to build further economic capacity in some First Nations organizations as well as provide training to First Nations members to enable the undertaking of economic development projects. From an overall perspective, First Nations stake in the provincial economy is still quite limited and considerably more can be done to establish arrangements between industry and First Nations to create a stable economic climate. While the EMF did make a contribution, much more needs to be done to increase First Nations stake in local economies and to provide industry with greater certainty that economic development can proceed without disruption. Consequently, there exists a need for a flexible mechanism such as the EMF to cater to wide range of support required and to cater to the different stages of development of First Nations organizations throughout BC.

F. RECOMMENDATIONS

Our recommendations are as follows:

1. **The EMF should be continued on a long-term basis by the BC government.**

   While the EMF made a difference relative to the intent of the program, much more resources are required to address the outstanding needs which include limited First Nations capacity and financial resources for economic development and the need to establish more arrangements between industry and First Nations to create a stable economic climate. Furthermore, a long-term program is required to more strategically implement the program and to cater to the different stages of capacity of First Nations groups as they evolve over time.

2. **The flexibility of the EMF program to support a wide range of projects across different sectors should be retained.**

   This flexibility is necessary to recognize the fact that First Nations organizations throughout BC are at different stages of economic development and therefore require different types of support depending on their stage of economic development.

IV. PROGRAM ACCOMPLISHMENTS

The evaluation issues addressed in this chapter are as follows:

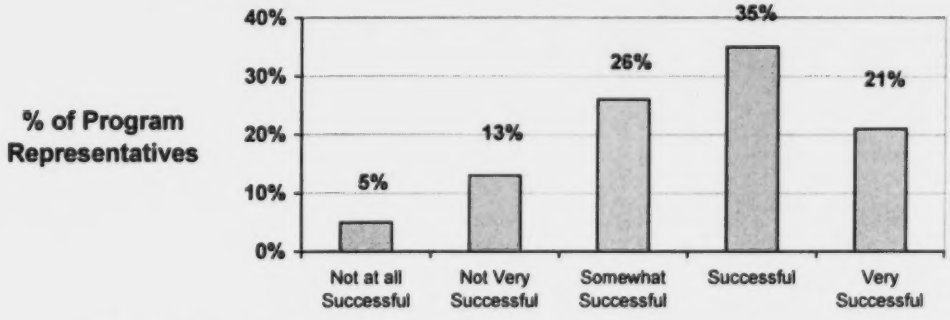
- How successful has the EMF been in achieving its objectives?
- Relative to the intent of the program, did the EMF make a significant difference?
- Has the EMF increased First Nations participation and investment in the local economy specific to the EM agreements?
- Has the EMF generated economic benefits to First Nations?
- Has the EMF enhanced First Nations economic/business development capacity?
- Has the EMF resulted in greater First Nations participation in local decision-making and planning processes?
- To what extent has the EMF improved the investment climate for business/industry in BC?
- To what extent has the EMF increased First Nations participation in mainstream economic initiatives and created a stake in the provincial economy for all First Nations?
- Would the projects supported by the EMF gone ahead without the program?
- By considering the benefits and costs of individual projects, what are the better types of projects to focus on in order to accomplish the intended outcomes of the EMF?
- Were there any unexpected or negative outcomes from the EMF?

The following paragraphs summarize our findings regarding each of these issues and the accomplishments of the EMF.

A. ACHIEVEMENT OF OBJECTIVES

As indicated in the following table, 56% of program representatives indicated that the EMF has been successful or very successful in achieving its objectives (i.e. respondents rated the program as a 4 or 5 on a scale of 1 to 5 where 1 is not at all successful and 5 is very successful), 26% of respondents indicated that program has been somewhat successful (rating of 3) and 18% of respondents stated that the program has not been successful (i.e. rating of 1 or 2).

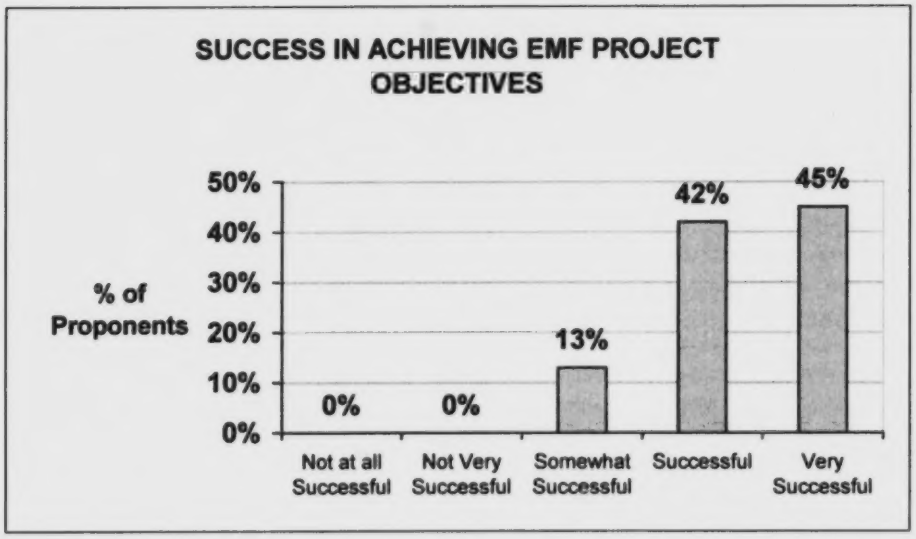
SUCCESS OF EMF IN ACHIEVING PROGRAM OBJECTIVES*



* EMF program objectives are:

1. To improve the investment climate for business/industry in British Columbia;
2. To increase First Nations participation in mainstream economic initiatives and create a stake in the provincial economy for all First Nations; and
3. To build First Nations economic/business development capacity.

As indicated below, 87% of the project proponents involved in the sample of 24 case study projects rated their project as being successful or very successful in meeting its objectives (i.e. respondents provided a rating of a 4 or 5). In general, the objectives of EMF sample projects were linked to the overall objectives of the EMF.



When project proponents were asked to identify the key factors that had contributed to the success of the projects, the factors mentioned most frequently are:

- The quality and capabilities of the people involved in the projects;
- The availability of funding, particularly multi-year funding;
- The extent to which the EMF was leveraged with funding from other sources;
- The active participation of representatives from First Nations, government and industry;
- The extent to which key stakeholders were willing to work together and take ownership of the projects and the process. Several respondents stated that involving First Nations fully and early in the process was fundamental to success;
- The presence of a dedicated project manager (i.e. champion) for the project;
- The level and effectiveness of the project planning, particularly with respect to having a clear strategic direction, specific goals and a sound budget; and
- Flexibility in the design of the project.

Proponents of projects which were rated as being less successful identified the following contributing factors:

- Lack of ownership of the project among the First Nations community; and
- Poor relationships between various stakeholders.

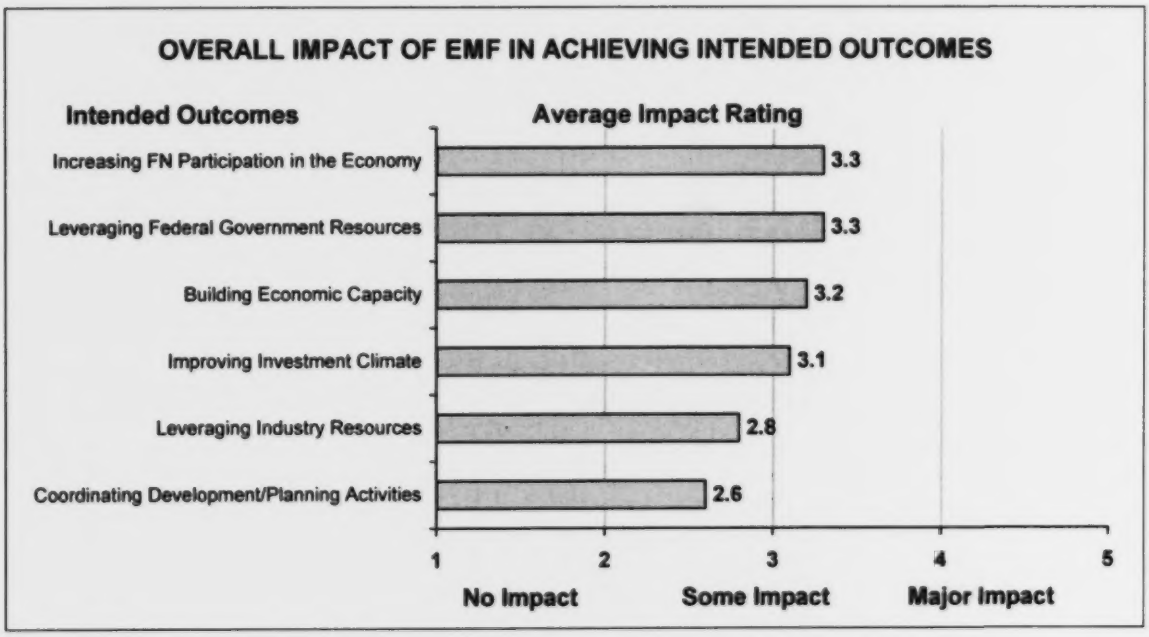
Overall, the project proponents provided a more positive assessment than the program representatives interviewed regarding the extent to which EMF objectives were achieved. One possible reason for the differences in impact ratings is that some project proponents may be biased due to their close involvement with the project. On the other hand, the program representatives may not have been sufficiently involved with EMF projects to be knowledgeable of the accomplishments of the program.

B. ACHIEVEMENT OF INTENDED OUTCOMES

As indicated in Chapter 2, the focus of this evaluation is primarily on the short-term outcomes of the EMF. The nature of the short-term outcomes varied significantly by project, which makes it difficult to meaningfully aggregate the results. For example, some projects were designed to develop agreements or relationships while others were targeted at planning, providing training, creating employment or starting up businesses. As a result, in this section of the report, we have sought to describe and provide examples of the different types of outcomes that were generated from EMF projects.

1. Overall Program Outcomes

According to the program representatives surveyed, the EMF had some impact in accomplishing its intended outcomes. As indicated below, the average effectiveness rating given by program representatives ranged from 3.3 (on a scale of 1 to 5 where 1 is no impact and 5 is a major impact) in terms of increasing First Nations participation in the economy to 2.6 in terms of helping to coordinate development activities across the province.



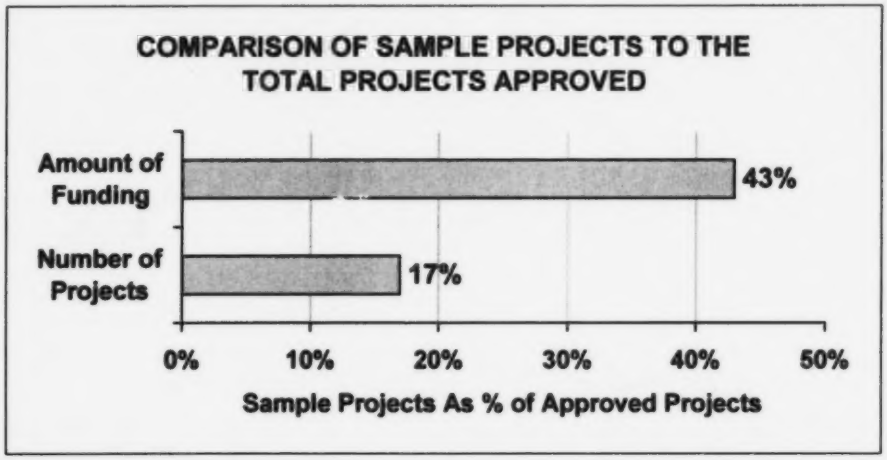
Note: Outcomes in the above table are not exactly the same as the intended outcomes listed in page 2 because some intermediary and operational outcomes have been included.

Program representatives identified the following types of projects and activities as having the most significant impact in achieving the intended outcomes (note that more respondents could provide more than one response):

- Collaborative/positive working relationships and partnerships (39% of those surveyed);
- Projects that focus on economic or resource development, employment, and training (39%);
- Projects that build economic development capacity and infrastructure (24%); and
- Long-term projects that involve a range of activities (12%).

2. Sample Project Outcomes

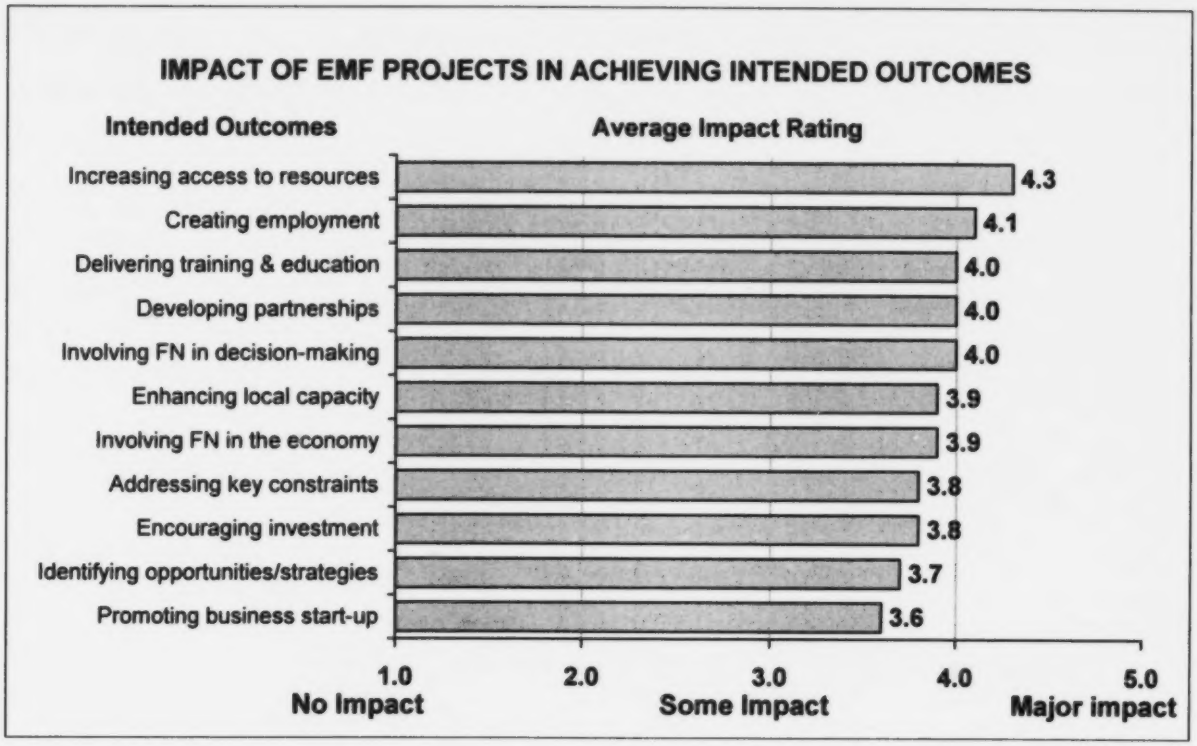
The primary focus of our review was on a stratified sample of 24 projects selected from the 145 projects funded over the past three years. The sample projects accounted for 17% of the total number of projects approved under the program and $10.7 million or 43% of the total funding of $24.7 million expended by the program.



The sample projects were stratified to contain a wide variety of projects including projects in different sectors and regions of BC. Of the 24 sample projects, 13 were funded over a three-year period, 6 received two years of funding, and 5 were funded for only one year. In terms of sectors, 7 were classified as forestry, 5 as tourism, 5 as multi-sector, 2 as land-use planning and 1 each as aquaculture, environmental assessments, guide-outfitting, mining, and sports & recreation. Each of the geographic regions across BC was represented by at least one project.

Of the 24 sample projects, only one was still underway and will be completed in 2005/2006. There were a number of different types of outputs generated by the 24 sample projects ranging from the preparation of business plans; memorandums of understanding (MOU's); partnerships and joint ventures with government, industry and the business sector; job creation and training programs. Establishment of resource tenures was also an important output for some projects.

According to the project proponents surveyed, the EMF had a significant impact in achieving the intended outcomes of the sample projects. As indicated in the table on the following page, the average rating given by proponents of the 24 sample projects, regarding the extent to which the intended outcomes were achieved, ranged from 4.3 with respect to increasing access to resources to 3.6 with respect to promoting the start up of new businesses. (Please note that a notable number answered not applicable to certain questions and therefore are not included in the averages due to the nature of the project.) Overall, the project proponents provided a more positive rating of the impact of the EMF in achieving its intended outcomes than the program representatives interviewed. One possible reason for the differences in impact ratings is that some project proponents may be biased due to their close involvement with the project. On the other hand, the program representatives may not have been sufficiently involved to be knowledgeable of the detailed outcomes of the sample projects.



Note: Outcomes in the above table are not exactly the same as the intended outcomes listed in page 2 because some intermediary and operational outcomes have been included.

The following paragraphs provide a more detailed description of the extent to which the outcomes indicated in the above chart have been achieved by the sample EMF projects.

Increasing Access to Resource Tenures by First Nations

The project proponents who expressed an opinion rated the impact of their project in increasing the access of First Nations to resource tenures as an average of 4.3 out of 5 (the highest average impact rating) as indicated in the above chart. However, only 39 of the 65 respondents provided a rating (resource tenures are not relevant to all projects). Twenty-two of the 65 respondents rated this as a major impact (i.e. 5 out of 5). Three examples of projects that increased access to resource tenures by First Nations are provided below:

- *Heiltsuk Band Forestry Tenure Program.* The focus of this project was to build capacity and create employment opportunities for the Heiltsuk Band using forest tenure as the vehicle. The Heiltsuk Band, located near Bella Bella, wanted to enter into a Forest and Range Agreement (FRA) with the Province. However, before signing the FRA, a business plan was strongly encouraged so that the Band could demonstrate that they were able to manage the tenure. EMF funds were used by the Heiltsuk Band to hire a contractor to produce a business plan. Upon completion of the business plan, the Band was successful in signing a FRA with the Province and secured a forest tenure totaling 485,000 cubic metres. To manage the tenure, the Band formed a joint venture with two companies and conducted engineering and layout activities. The project has created employment for five new positions as result of increased forestry activity by the Band.

- *The Kitsumkalum/Kitselas Forestry Project.* EMF funding was used to prepare a business plan to manage the forest tenure that the BC government offered to the Kitsumkalum and Kitselas bands located near Terrace. The two bands had recently signed a Forestry and Range Interim Measures Agreement with the Province that provided for a forest license of 795,000 cubic metres over five years in traditional territory. The implementation of the business plan resulted in the formation of a forestry company within a development corporation owned by the two bands. The activities undertaken by the forestry company included the harvesting of approximately 300,000 cubic metres of wood and the initiation of forest stewardship planning. A subsidiary operation, Kitsklas Mapping and Surveying, has also been established. The two bands are participating with the government and other licensees in starting a wood processing facility. In addition, the bands recently made an offer to purchase a Terrace forest license.

- *Ktunaxa Kinbasket Forestry and Land Use Planning Accord.* The primary purpose of this multi-year project was to enable the Ktunaxa Kinbasket First Nation (KKFN) to secure forest tenures in order to create business opportunities and employment. EMF funds were used to undertake a variety of activities including the hiring of consultants, preparation of license applications for harvest within the Dominion Coal Blocks, and the development of management and operational plans. The project resulted in the signing of an operating agreement by KKFN, Tembec (a local forest company), Canadian Forestry Service and the Ministry of Forests to create a management committee to oversee forest management of the Dominion Coal Blocks. The project furthered the federal Mountain Pine Beetle initiative to remove dead trees from the Dominion Coal Blocks. Some direct outcomes of the project are the KKFN obtained a Community Forest License and salvage licenses. The project also built capacity in KKFN including the development of planning skills and land use process training. As of March 2005, there were 30 additional or expanded businesses and a total of 42 people employed as a direct result of the project.

Creating Employment Opportunities for First Nations

A number of projects focused exclusively on training and employment whereas others had an employment-related component. Overall, the average rating given by project proponents regarding the impact of their project on creating employment opportunities is 4.1 out of 5 and 27 of the 65 respondents rated this as a major impact. Two examples of projects that generated employment opportunities are:

- *Downtown Aboriginal Employment Project.* The project was initiated by the Ministry of Community, Aboriginal and Women's Services (CAWS) to reduce the high rate of unemployment among First Nations peoples in the Downtown Eastside of Vancouver. EMF funds were used to engage an employment agency to manage the project. The project involved the training of unemployed First Nations in basic job skills and placing them in jobs with local businesses. A total of 49 unemployed First Nations individuals were placed into employment positions in Vancouver.

- *Aboriginal Youth F.I.R.S.T. Rural Training Program.* This multi-year project resulted in the development of skills and creation of employment in the sport and recreation field. There were three major project components: outdoor leadership through sport, adventure tourism, and training in community recreation program planning. Each year approximately 125 youth participated in the swimming program and 11 scuba divers were trained. As a result of the training in community recreation planning, several bands and municipal recreation centers employed training participants to undertake local recreation programs. A total of 60 First Nations peoples obtained employment as a result of the project.

Enabling First Nations to Further Develop Skills through Training and Education

A variety of major training programs have been launched using EMF funds. The average rating given by project proponents regarding the impact of their project in developing skills through training and education was 4.0 on a scale of 1 to 5 (where 1 is no impact and 5 is a major impact). Twenty-three of the 65 respondents rated this as a major impact. Examples of projects that focused on skill development through training and education include:

- *Nicola Valley Institute Forest Technician Training Program.* A forest technician training program had previously existed and was supported by the Ministry of Forests and the Council of Forest Industries. Three-year EMF funding was used to replace a major funding source that was no longer available. Each year, First Nations youth from across the province participated in two semesters of academic training and one semester of practical experience with a forest company. The coursework covered a variety of topics, including natural resource management. During the three-year period, 34 students completed the training program, which was only 57% of the project target because of problems in recruiting a sufficient number of students. The training program also helped students to gain employment, build capacity through natural resources training, and established relationships between industry and First Nations.

- *Olympic Training and Employment Program.* In anticipation of the awarding of the Winter Olympics to Whistler, the Ministry of Advanced Education applied to the EMF for support for training initiatives that would prepare First Nations groups for employment in the Sea-to-Sky Highway and other Olympics related work. The Provincial Bid Secretariat and First Nations communities in the area undertook a labour market survey and gap analysis/needs assessment to determine the focus of job training efforts. The project resulted in the training of 304 First Nations individuals including 97 in trades and construction, 33 in environmental management/planning and the remainder in a variety of areas such as tourism and hospitality management, business/ entrepreneurial training, culinary arts, accounting, retail, youth programs, and adult basic education. In addition, 165 of the individuals trained were subsequently placed into employment positions.

- *Turnagain Pilot Training Initiative.* This multi-year project provided the Kaska Dena Council with training in the operation of the Turnagain Guide Territory to assist them to develop a fully-fledged guiding business. EMF funding was used to engage a licensed guide outfitter to manage the training program and 16 Kaska Dena received training in guiding and camp operations. Employment was also created for nine of the individuals trained. In addition, a reliable guide was found to manage the Turnagain Guide Territory and to prepare the territory for guiding. The project also involved partnering with the Guide Outfitters Association of BC to raise the level of the guiding product.

Encouraging the Development of Joint Ventures and Partnerships

Three quarters of the sample projects involved the development of joint ventures and partnerships. The average impact rating of project proponents regarding the impact of their sample project in encouraging the development of joint ventures and partnerships was 4.0. Twenty six of the 65 respondents rated the impact as major. Two examples of sample projects that involved partnerships and joint ventures include:

- *Ditidaht-Pacheedaht Forestry Tenure Project:* The purpose of the project was to assure the success of the forest license held by the Ditidaht and Pacheedaht First Nations and to build further capacity in the two First Nations with respect to the forestry sector. EMF funds were used to engage a consultant to prepare a business plan and explore a wide variety of partnerships. A partnership was formed with Canadian Biomass Solutions Inc. to undertake co-generation, biomass

and steam production for kiln drying at the Ditidaht mill. In addition, contracts were formed with HCI Corporation for lumber sales to Mexico. Agreements were also signed with Weyerhauser. Before the project, the Ditidaht mill was heavily in debt; the mill is now profitable. The project proponents interviewed indicated that the partnerships formed were a key element in the success of the project.

- *Kaska Dena Forestry Project.* A two-year interim measures agreement (IMA) had been signed that established a Forest Resources Council to act as the consultation and planning vehicle between the Ministry of Forests and the Kaska Dena First Nation. The Forest Resources Council manages all aspects of forest resource planning including the preparation of forest stewardship plans. While the process was already a collaborative one, EMF funds were used to further this process and obtain leverage through partnerships in order to achieve additional economic development in the forestry sector. Key project outcomes were business plans for the two First Nations mills; a set of agreements and joint ventures with CanFor, Radar Logging and Abitibi; a partnership with the Yukon government; and the preparation of the Dease–Liard Sustainable Management Plan. The project resulted in the creation of 38 permanent and 124 seasonal jobs.

Increasing First Nations Involvement in Local Decision Making and Planning

According to the project proponents, their EMF projects had a major impact in terms of developing and increasing First Nations involvement in local decision making and planning. The average impact rating among those expressing an opinion is 4.0 on a scale of 1 to 5 where 1 is no impact and 5 is a major impact. Seventeen of the 65 respondents rated their project as having a major impact in involving First Nations in decision making and planning. EMF projects enabled First Nation representatives to participate in steering committees, on Boards and Councils, and in collaborative working relationships that involved different levels of government and industry. Two examples of projects that increased First Nations involvement in local decision making and planning are described below:

- *Coursier Dam Decommissioning Environmental Assessment.* This project involved the Okanagan Nation Alliance and Shuswap First Nations members in the environmental assessment process dealing with the decommissioning of the Coursier Dam by BC Hydro. In particular, the project permitted First Nations to participate in the process and voice any concerns they might have about the environmental effects of the dam removal. In addition, EMF funding enabled First Nations to hire experts for the environmental assessment process.

- *Hw" te Shutsun Forestry Project.* An IMA was signed in March 2001 between the Cowichan Tribes, the Province and Canada in order to establish the Cowichan Tribes in the forest sector and to protect significant cultural values in the Hill 60 area. EMF funds were used to support the implementation of the IMA so that the Cowichan Tribes could capitalize on forest tenure opportunities. The project increased First Nations involvement in local decision making and planning because the full community was brought into decisions necessary for the negotiation of a Community Forest Agreement and the preparation of a Community Forest Plan. An open house was also held to receive comments from First Nations members about the proposed community plan for Holt Creek.

Enhancing First Nations Capacity For Economic Development

The average rating of project proponents regarding the impact of the case study projects in terms of building First Nations capacity for economic development was 3.9 out of 5 and 17 of the 65 respondents rated the impact of their project as major (i.e. 5 out of 5). Two examples of projects that enhanced First Nations capacity for economic development are as follows:

- *Provincial Aboriginal Tourism Strategy*. The project was initiated by Tourism BC on behalf of Aboriginal Tourism British Columbia (ATBC) to support the development of a provincial aboriginal tourism strategy. The need for a provincial strategy was recognized by both levels of government as well as ATBC. EMF funding was used to engage a consultant to undertake research and prepare a detailed aboriginal tourism development strategy. The report provided a great deal of useful information that will allow ATBC to proceed with its mandate. Specifically, the report accomplished the following: provided a definition of aboriginal tourism, identified tourism product-market match opportunities, produced a development and implementation strategy, and recommended the most appropriate role for ATBC.

- *Upper Similkameen Forestry Industrial Park*. EMF funding was used to install power lines in the industrial park being developed by the Upper Similkameen Band. The availability of power resulted in the establishment of a new wood manufacturing facility in the industrial park and the creation of 14 jobs.

Supporting First Nations Participation In The Economy

The EMF had a significant impact in terms of supporting First Nations participation in the economy. The average impact rating among project proponents expressing an opinion was 3.9 on a scale of 1 to 5 (where 1 is no impact and 5 is a major impact). Twenty-two of the 65 respondents rated this as a major impact. Two examples of projects identified as supporting First Nations participation in the economy include:

- *Jackson Lake Ecosystem-Based Management Project*. The project consisted of a sustainable logging trial using a methodology developed by the Ministry of Sustainable Resource Management for ecosystem-based management. The logging trial was undertaken by Kitasoo Forest Company in the traditional territory of the Kitasoo First Nation. As a result of the logging trial, Kitasoo First Nation members received training in forest harvesting principles thus increasing their capacity to develop their forestry company. In addition, Kitasoo Forest Company was able to access underutilized forest resources in their traditional territory. A total of 25 First Nations individuals were trained and 6 jobs were created.

- *Tsimshian Cruise Ship Tourism Initiative*. The major accomplishment of this EMF project has been the establishment of Tourism Inc. to facilitate the development and marketing of First Nations tourism products targeted at cruise ship visitors to Prince Rupert. EMF funding was used to prepare a strategic report and multi-year work plan. Cultural guidelines and standards for First Nations tourism products were also developed. In addition, EMF funds were used to enable Tsimshian First Nations members to participate in trade shows to promote First Nations tourism products.

Addressing Key Constraints To Economic Development And Growth

A number of projects were specially designed to address constraints to economic development and others did so within their economic development plans. On a scale of 1 to 5, the average rating given by project proponents regarding the extent of impact of their sample projects in addressing constraints to economic development is 3.8. Fifteen of the 65 respondents indicated that their project had a major impact (i.e. rating of 5) in this regard. The following paragraphs provide two examples of projects that addressed constraints to economic development.

- *OKeefe Road-Cheslatta Forest Products Project*. Cheslatta Forest Products mill is jointly owned by Cheslatta First Nation and First Nations peoples hold approximately 50% of the jobs at the mill.

Production in the mill was limited by the fact that the road between Francois and Ootsa Lakes was not of a sufficient standard to carry trucks year round. EMF funds were used to upgrade and pave 21 kilometres of road leading to the mill, which meant that trucks could carry logs to the mill more frequently in all seasons. Upon completion of the road, the mill added another shift and extended its operating season. A total of 10 jobs were created.

- *Training and Mineral Exploration for the Yekooche First Nation.* Due to limited opportunities in the forestry industry for Yekooche First Nation, this EMF project focused on the mineral industry. EMF funds were used to undertake mineral exploration and a number of areas with mineral potential were identified. Yekooche First Nation established a company, Abel Exploration Ltd., to pursue the mining prospects identified. In addition, six Yekooche First Nation members were trained in claim staking, mineral tenures and other activities related to mineral exploration and mining.

Encouraging Investment In the Local Economy

The EMF had a significant impact in terms of encouraging investment in the local economy. The average rating given by project proponents regarding the extent of impact of their project in encouraging investment in the local economy is 3.8 out of 5 and 17 of the 65 respondents rated it as a major impact. Two examples of projects that encouraged investment in the economy are:

- *Northeast BC Aboriginal Business Relations Project.* The key components of this project were the founding of the Northeast Aboriginal Business Centre and the hiring of an Aboriginal Corporate Relations Advocate to purse partnerships with industry. The key project proponents were five First Nations in northeastern BC and the Canadian Association of Petroleum Producers who felt that the Centre was necessary to provide First Nations with the opportunity to participate in the expanding oil and gas sector. In total, 294 aboriginal people attended training offered or co-offered by the Northeast Aboriginal Business Center. The Center also provided business advisory services to 333 clients over two years. In addition, EMF funds were used to develop a marketing strategy and to promote aboriginal business services and products to the local oil and gas industry. The project facilitated 22 business startups that invested $2 million in the local economy and created 64 jobs.

- *Esketemc First Nation Forestry Project.* This project was undertaken because the Band had a Community Forest Pilot Agreement but required capacity in order to gain permanent tenure. According to project proponents, all objectives were achieved and the project surpassed expectations. It built capacity in the Band, partnerships were developed and businesses were established. A Forest and Range Agreement was signed with the province. Spin-offs were also generated from logging operations: one individual started a logging business and two more have written proposals for forestry related businesses.

Identifying Opportunities Or Defining Strategies For Economic Development

The EMF has had a significant impact in terms of generating opportunities and strategies for economic development. On a scale of 1 to 5 (where 1 is not impact at all and 5 is a major impact), the average rating given by project proponents regarding the impact of their sample project in identifying opportunities for economic development is 3.7. Thirteen of the 65 respondents rated it as a major impact. Two examples of sample projects that involved identifying opportunities or defining strategies for economic development are as follows:

- *Cariboo Tribal Council Tourism Strategy.* The purpose of this project was to develop a strategic economic plan focusing on tourism for the Cariboo Tribal Council. The project resulted in the following: a tourism development strategy, a business plan for an RV park, a business plan for the

Xatsull Heritage Village, the Old Trails New Adventures business plan, the Singing Loon Productions Business plan and two feasibility studies for recreation sites.

- *Osoyoos Indian Band Interpretive Centre.* The Osoyoos Indian Band had been operating a temporary trailer-based interpretive center but the Band wanted to build a new center. EMF funding were used to leverage funding from other sources and assisted the Band in raising $9 million to construct the new Centre. EMF funds were also used to undertake market research that made a substantial difference to the quality and direction of the project development.

Encouraging The Start-Up Of New Businesses

On average, project proponents rated the impact of their project with respect to creating new business startups as 3.6 out of 5. Fifteen of the 65 respondents indicated that their project had a major impact in this regard. A number of project proponents indicated that while business startups have not been generated to date, they expect start-ups to occur in the future. Two examples of projects that have encouraged the start-up of new businesses are as follows:

- *Squamish Lil'wat Cultural Centre.* The Whistler First Nation Big House Project is a joint venture between the Squamish and Lil'wat First Nations. The cultural centre will be a multipurpose facility that will promote and market First Nations culture. A First Nations theme restaurant is also envisioned. The fundraising has been highly successful and construction has been initiated. Through involvement in planning and fundraising, the First Nations organizations have developed a new appreciation of the complexities and nuances of the tourism sector. First Nations capacity for economic development has also been increased through training, business management and project planning exercises. The First Nations organizations involved in this project are now capable of taking the initiative beyond the cultural centre into a full range of First Nations tourism products.

- *Nuu-chah-nulth Shellfish Project.* The purpose of the project was to increase the capacity of Nuu-chah-nulth First Nations in shellfish farming. EMF funds were used to train First Nations in shellfish farm operations, develop a marketing strategy, create quality standards, undertake seafood entrepreneur training and to secure 35 shellfish tenures. The projected resulted in the start-up of 12 shellfish farms and 3 related businesses. Nuu-chah-nulth First Nations now have a better understanding of the requirements of operating a successful shellfish farm industry. This was accomplished partly through developing partnerships with industry. With tenures, First Nations are able to seed and manage the beaches for optimal production. The project consultant has estimated that, in the near future, up to one third of the shellfish farming industry in BC could be owned by First Nations and generate revenues of $30 million a year.

C. INCREMENTALITY

The project proponents involved with the sample projects indicated that, on average, only one out of five EMF projects would have proceeded without assistance from the EMF. For project proponents that indicated their project would have proceeded, approximately 84% of these respondents indicated that the project would not have proceeded in the same time frame and with the same scope without assistance from the EMF. Some of the key factors identified why projects would not have proceeded in the same manner in the absence of the EMF included:

- The EMF was the primary source of funding;
- Other sources of funding could not be leveraged without the EMF; and
- The EMF was the catalyst that led to the definition of the project and the bringing together of different parties including First Nations, government, and industry.

D. CONCLUSIONS

Our conclusions regarding the accomplishments of the EMF are as follows:

1. **The EMF did result in a significant increase in First Nations participation and investment in the local economy.**

   Evidence of this is provided by sample of 24 projects, which resulted in the creation or expansion of at least 81 First Nations businesses. In addition, the sample of 24 EMF projects resulted in a total investment of $36.6 million in First Nations economic development projects including an investment of $4.8 million by First Nations organizations. Extrapolation of these findings to the entire 145 EMF projects would result in a considerably greater number of First Nations businesses that have been created or expanded as well as much larger investment in the local economy by First Nations. A number of EMF projects capitalized on economic development opportunities resulting from forest tenures, which included logging, wood processing and other forestry activities. Other EMF projects resulted in increased First Nations participation in a number of other sectors including tourism, aquaculture and mining.

   A number of EMF projects resulted in business plans for new and existing First Nations businesses as well as several sector development strategies. Additional First Nations participation in the economy could result if support is provided for the implementations of these business plans and strategies.

2. **The EMF has generated significant economic benefits to First Nations.**

   In addition to the creation or expansion of 81 First Nations businesses and the preparation of business plans for additional businesses, other economic benefits generated by the sample of 24 EMF projects included the creation of a total 645 jobs ranging from seasonal to full-time positions and the training of 1,090 First Nations members. Extrapolation of these findings to the entire 145 EMF projects would result in considerably greater economic benefits to First Nations. (The reader should be cautioned that this data is based on estimates provided by project proponents and no attempt has been made to verify the accuracy of the information reported).

3. **The EMF has enhanced First Nations economic/business development capacity.**

   The economic/business development capacity of First Nations organizations has been enhanced in a number of different ways including the creation and expansion of First Nations businesses; establishment of economic development organizations/business centers; the preparation of business plans and sector development strategies; and training of First Nations members. The type of training undertaken by EMF projects ranged considerably from short courses/workshops to extensive programs involving academic courses as well as practical experience with private sector companies. Some EMF projects involved industry organizations providing advice and training to enable First Nations to participate to a greater extent in sectors such as tourism and mining. Other EMF projects provided the necessary infrastructure such as roads and power to enhance First Nations economic/business development capacity.

4. **The EMF had some impact in increasing First Nations participation in local decision-making and planning processes.**

   The project proponents surveyed indicated that some EMF projects had a significant impact in developing and increasing First Nations involvement in local decision making and planning. As an

illustration, EMF projects enabled First Nations representatives to participate in steering committees, on Boards and Councils, and in collaborative working relationships that involved different levels of government and industry. While some projects did increase First Nations participation in local decision-making and planning processes, this was not the major focus because the EMF was primarily an economic development program.

5. **The EMF did contribute significantly towards an improved investment climate for business/industry in BC.**

This was accomplished primarily by the establishment of positive working relationships, joint ventures and partnerships between industry and First Nations. As an illustration, industry invested a total of $4.3 million through joint ventures and partnerships in the sample of 24 EMF projects investigated. Extrapolation of these findings to the 145 EMF projects would result in a significantly greater investment by industry. Some examples of how the EMF contributed towards an improved investment climate are the formation of joint ventures and partnerships to harvest and process the forest resources made available from forest tenures granted to First Nations organizations by the provincial government. Another example is the significant investment by industry in the Whistler Cultural Centre project.

6. **The EMF has increased First Nations participation in mainstream economic initiatives and created a greater stake in the provincial economy for First Nations.**

Most progress has been achieved in the forest sector because a number of EMF projects have resulted in the creation or expansion of First Nations businesses as well as the formation of joint ventures and partnerships between First Nations and industry to capitalize on the economic development opportunities resulting from forest tenures provided to First Nations organizations. In addition, some progress has been made in increasing First Nations participation in a number of other sectors including tourism, mining and aquaculture. However, much more resources are still required to achieve significant First Nations participation in mainstream economic initiatives and to create a substantial stake in the provincial economy for First Nations.

7. **Insufficient time has elapsed since completion of most EMF projects to assess the full economic outcomes of the EMF.**

Because many of the EMF projects are at an early stage (many EMF projects only resulted in the completion of a business plan), it is not possible at this time to indicate the economic benefits that will be achieved by these projects over the long term as well as their contribution towards EMF objectives.

8. **The better types of EMF projects to focus on are those that match the stage of economic development of different First Nations organization.**

It is not possible to use a ratio of the number of jobs created to the amount of EMF support to analyze which EMF projects have been more successful than others because this does not reflect the fact that some First Nations organizations at the early stage of economic development require assistance such as training in economic/business development as well as funding for opportunity identification studies while First Nations at a more advanced stage of economic development require funding for capital investment in existing and new businesses.

9. **The EMF was instrumental in ensuring that a number of First Nations economic development projects proceeded.**

   Evidence of this is that project proponents involved with the sample projects indicated that, on average, only one out of five EMF projects would have proceeded without assistance from the EMF.

10. **There were no significant negative or unexpected outcomes from the EMF.**

    Some minor negative outcomes expressed by only a few respondents were as follows:

    - A few First Nations organizations wanted more involvement in the EMF project development and selection process;
    - Some First Nations organization expressed dissatisfaction because they did not receive any EMF funding; and
    - A few EMF projects were not fully supported by some First Nations organizations and individuals.

    One unexpected outcome of the EMF was differences of opinion between MARR and line ministry staff regarding the most appropriate program delivery structure. A number of line ministry staff indicated that they would have preferred if each line ministry was allocated a proportion of EMF funds and then each ministry would be responsible for selecting and approving EMF projects.

In summary, the EMF was successful in contributing towards its objectives which are to build First Nations economic/business development capacity, increase First Nations participation in mainstream economic initiatives and improve the climate for business/industry in BC. However, many of the EMF projects are in the early stage of development. The primary output of a number of EMF projects is the preparation of a business plan or sector development strategy. Consequently, a considerable longer time frame is required to determine the full outcomes from these projects. In addition, more funding is required to support the implementation of these business plans and strategies in order to fully realize the benefits from these projects. It must be realized also that the EMF projects undertaken affected only some First Nations and were limited in their scope from a provincial economic perspective. Consequently, much more resources are required to fully accomplish EMF objectives and ensure that First Nations have a significant stake in the provincial economy.

E. RECOMMENDATIONS

Our recommendations regarding the accomplishments of the EMF are as follows:

1. **If the EMF program is continued, funding of at least $10 million per year should be provided over a long-term basis.**

   This minimum level of funding is needed in order to make a significant contribution to EMF objectives. In particular, significant amount of funding is required to implement the business plans and strategies developed with EMF support. In addition, more funding is required for other First Nations projects throughout BC in order to meet the needs identified and fully accomplish EMF objectives.

2. **Another evaluation of the EMF should be undertaken within three years to provide a longitudinal perspective of the full outcomes of the program.**

   This evaluation was limited to an analysis of short-term outcomes because insufficient time has elapsed since completion of most EMF projects to assess the full economic outcomes of the EMF. A follow-up evaluation in three to five years would provide a more accurate assessment of the accomplishments of the program and enable a better analysis of the better types of projects to focus on to accomplish the objectives of the EMF.

IV. DESIGN AND DELIVERY OF THE PROGRAM

The evaluation issues addressed in this chapter are as follows:

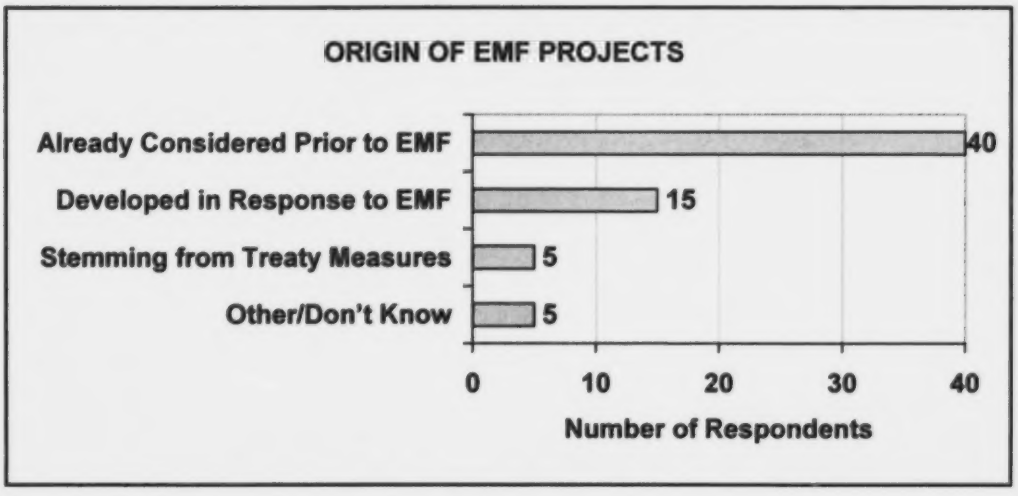
- What is the efficiency and effectiveness of the delivery model employed to administer the EMF?
- Has intra-provincial and provincial-federal coordination enhanced the facilitation and delivery of the EMF?
- To what extent has there been sharing in the funding for the implementation of the EMF agreements by the provincial government, federal government and industry?
- What program design and delivery alternatives would better achieve the intended outcomes and objectives of the EMF?

The following paragraphs summarize our findings regarding the appropriateness of the design and delivery mechanisms as well as the lessons learned from implementation of the EMF.

A. DEVELOPMENT OF PROJECTS

Project managers played a key role in the development and implementation of EMF projects. The project managers were drawn from line ministries or agencies that have experience relevant to the projects. The program involved a wide range of government representatives; there were about 60 distinct project managers for the 145 approved projects. The project managers were responsible for a range of activities related to the program such as developing EMF proposals, undertaking negotiations to conclude EMF agreements with First Nations (with negotiation support from MARR as required), bringing partners together and liaising with stakeholders, helping to implement EMF agreements, and monitoring and reviewing projects.

Of the 65 project proponents interviewed, 40 indicated that the sample EMF projects they were involved in were already being considered prior to the availability of the EMF. As indicated below, 15 project proponents indicated that their sample EMF project was developed in response to the EMF while 5 proponents indicated that their EMF project stemmed from treaty measures.



A variety of issues led to the development of the sample EMF projects. For example, projects were developed to:

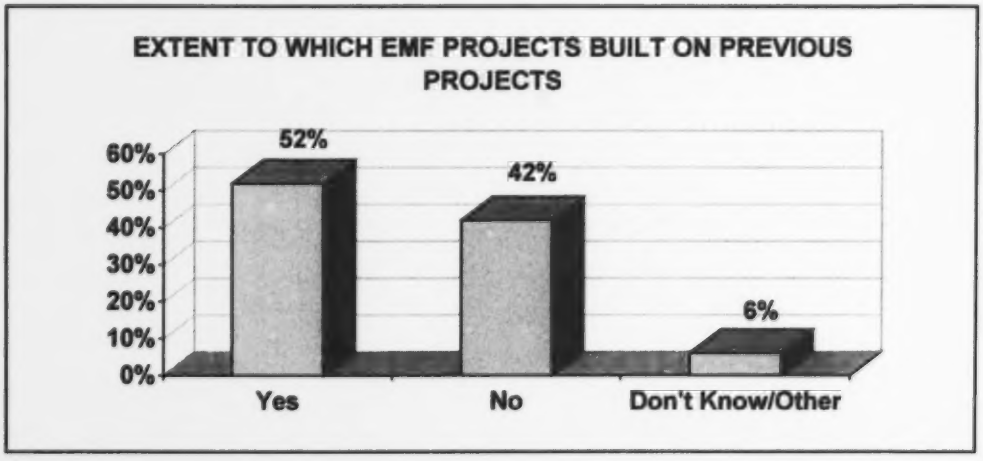
- Seek alternatives to declines in sectors such as forestry. For example, the Yekooche training program in mineral exploration was considered a viable alternative to the limited opportunities in the forest industry in their area.

- Capitalize on economic development opportunities such as a new cruise ship terminal or opportunities associated with the 2010 Olympic Games. For example, the Whistler Cultural Centre project stemmed directly from 2010 Olympic preparations as did the Olympic Training and Employment Project.

- Enhance existing operations such as upgrading the road to the Cheslatta mill to increase its production.

Some of the sample projects were tied to existing agreements or to business plans for tenure management such as the Heiltsuk Forest Tenure Project and the Nuu-chah-nulth Shellfish Project. A large number of tenures were awarded to First Nations, for example, through the Nuu-chah-nulth Shellfish Project. Other EMF projects addressed training and employment needs. Several EMF training projects, such as the FIRST training program and the Forestry Technician Certification program, delivered by the Nicola Valley Institute, grew out of existing training models. Some projects were designed to enable First Nations youth to gain skills and leadership capabilities that could have long-term benefits.

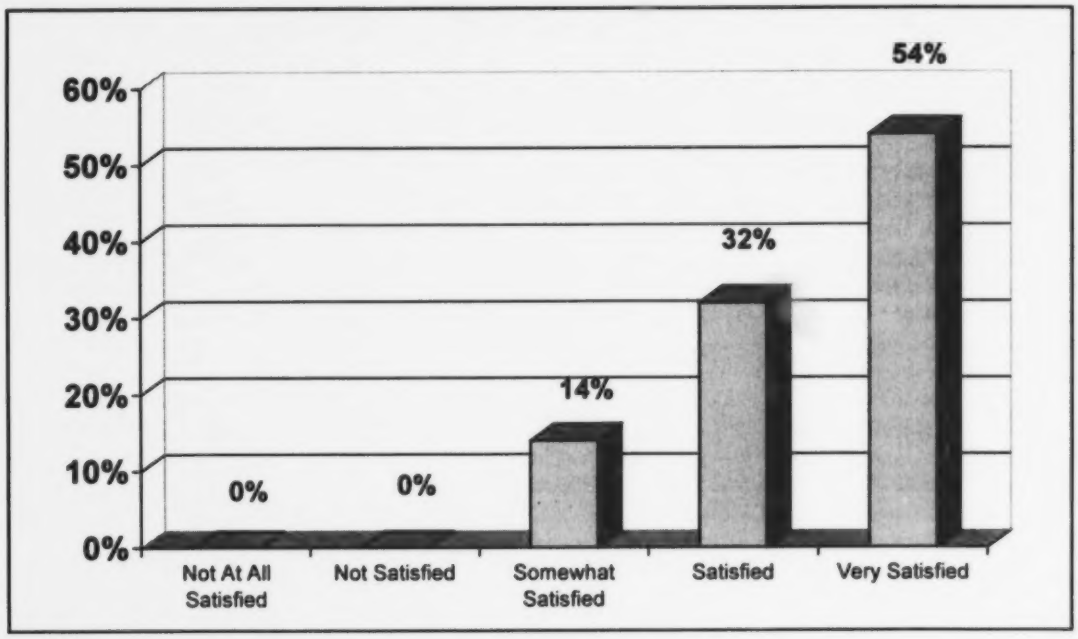
Some ideas that had been proposed but had not received funding in the past were revisited as a result of the EMF. The concept of addressing the high rate of First Nations unemployment in Vancouver's Downtown Eastside was one of those projects. The EMF also permitted larger projects to go forward such as the Provincial Tourism Strategy and the Osoyoos Interpretative Centre. Some of the EMF projects built directly on prior projects or other work that had been done in the past. As indicated in the table below, slightly over half (52%) of the project proponents agreed that the EMF project did build on previous projects whereas a further 42% declared that it did not. When asked about the nature of the previous work, 21 of the 65 respondents identified prior plans, studies or projects and 9 identified the work of established committees, agreements and accords as the foundation for the current EMF projects.



B. DEGREE OF SATISFACTION OF PROJECT PROPONENTS

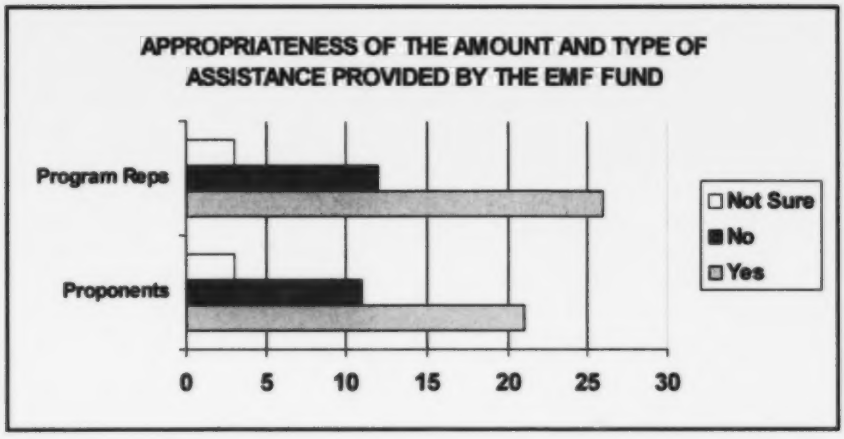
As indicated in the table, 86% of the project proponents consisting of First Nations representatives and project contractors (and excluding government representatives) were satisfied or very satisfied with the EMF (i.e. gave a rating of 5 on a scale of 1 to 5 where 1 is not at all satisfied and 5 is very satisfied) and the average satisfaction rating was 4.4. In particular, the respondents expressed satisfaction with the relationships that developed as part of the projects and indicated that the sample projects had generally been successful in achieving their intended objectives. Those few respondents who were only somewhat satisfied made comments such as their project needing more funding, the time frames for project implementation was not long enough and their project would have benefited from greater First Nations involvement in the development of the project.

DEGREE OF SATISFACTION OF PROJECTS PROPONENTS WITH EMF



C. APPROPRIATENESS OF PROGRAM DESIGN

As indicated in the table on the following page, both program representatives and project proponents felt that the amount and type of assistance provided by the EMF was appropriate. In general, both groups felt that the program had been well designed. While some program representatives and project proponents expressed reservations about the design of the program, most concerns simply related to scope. As might be expected, some respondents would have preferred more funding to be available and the funding to be available for a longer period of time.



D. EFFICIENCY AND EFFECTIVENESS OF PROGRAM DELIVERY MODEL

The EMF was unique with respect to the number of different line agencies that were involved in delivering the program. MARR administered the EMF, on behalf of the Province of BC, in cooperation with the line agencies. More specifically, MARR was responsible for overall co-ordination of the EMF, administration of the EMF (including administration of program guidelines, the proposal assessment process, and financial administration), and overall program evaluation.

Program representatives, from the various agencies that were directly involved in the delivery of the EMF, were somewhat divided regarding the effectiveness and efficiency of the program delivery model. While some believed that the system was quite efficient and effective, others expressed some concerns about various aspects of the model such as:

- Program delivery was complicated by the large number of agencies involved and project managers had reporting responsibilities both within their own agencies and with MARR.
- As with any new program, it took a while to develop an administrative structure and systems.
- The reporting requirements could be cumbersome and extensive, which may not have been justified in some cases given the amount of money involved.
- The EMF agreements tended to be very complex and a lack of flexibility was identified by some as an issue.
- The overall process may have benefited if more time had been available for planning, preparation and due diligence when the program was first established.
- The projects were complicated by their reliance on a range of funding sources. Several respondents noted that federal government funding and reporting requirements tended to be more complex and cumbersome than the provincial requirements.

The program representatives were also asked if there were program design and delivery alternatives that might have better achieved the intended outcomes and objectives of the EMF. A major issue was the role of MARR vis-à-vis the line agencies. As indicated previously, a number of line ministry staff indicated that they would have preferred if each line ministry was given a proportion of EMF funds and then each ministry would be responsible for selecting and approving EMF projects. While these respondents recommended that the program would have benefited from further decentralizing the program to the line agencies, others were concerned about the lack of consistency in implementation across the various

organizations. Other suggestions made by the program representatives were that the program might have benefited from:

- Extending the program over a longer time period;
- Requiring more accountability for results and expenditures;
- Allowing for more flexibility in funding (e.g. moving monies from one fiscal year to another);
- Improving communications between the provincial and federal governments;
- Establishing a clearer understanding of program objectives and limitations;
- Requiring more rigorous business planning and analysis of business opportunities as part of the evaluation of applications; and
- Making the project selection criteria more transparent.

With regard to program delivery, it is important to note that only two of the 145 projects did not complete all aspects of their original project. Based on our experience with other programs, this performance is commendable given the fact that program delivery was complicated by the number of organizations involved and there were multiple sources of funding for most projects.

E. LESSONS LEARNED

Program representatives and project proponents offered a wide range of suggestions to enhance the current program model, including:

- Promote the program more aggressively early in the process as some First Nations organizations didn't hear about the program until the funding was all committed;
- Allocate the funding to each Ministry, which would then administer its own component of the program;
- Streamline the application process;
- Structure the projects milestones better and allow greater flexibility with respect to moving funding between fiscal years;
- Build more accountability requirements into the projects;
- Focus on increasing the involvement of First Nations communities in the process, including the development of projects;
- Allow more time at the beginning of the program for planning;
- Make the administrative system more user-friendly;
- Revise the structure of the legal agreement (make it more contractual, increase reporting requirements, etc.);
- Make the project approval process more transparent;
- Provide the funding over a longer period of time;
- Allow more flexibility with respect to the use of funding;
- Simplify the reporting requirements;
- Ensure that there are experienced managers for each project; and
- Establish the EMF as a permanent, on-going program.

When asked if they had any final comments or recommendations, the most common response provided by both the program representatives and proponents was to extend the program.

F. REVIEW OF OTHER POTENTIAL MODELS

The EMF is relatively unique among the provinces. We found nothing of a similar scope or range offered by a provincial government. Examples of related programming in some other provinces include:

- Saskatchewan has an Opportunity Fund Program that provides financial aid in the form of matching equity funding. The objective is to use the funding to obtain conventional debt financing for business start-ups, expansions or acquiring an existing business. Saskatchewan also offers the Resource Acquisition Initiative to help communities fund resource-sector and related business opportunities, which may include acquiring natural resource permits and licenses. In both programs, eligible First Nation and Inuit businesses receive the funding through their Community Economic Development Organization (CEDO).

- Manitoba has an Aboriginal Development Program that provides grants to support community based capacity building projects and Aboriginal Economic Development Grants to support projects relating to tourism, culture, health, education/training, and job strategies. Funding for both of these initiatives is under $5 million.

- In Ontario, there is an Aboriginal Economic Development Program that funds projects in the area of organizational development (providing up to $15,000 for board development, strategic management planning and development, financial management planning, assessment and analysis, and operations restructuring to increase organizational effectiveness). It covers areas of economic capacity building (providing up to $25,000 for business planning and development, feasibility studies, development of marketing strategies and product testing), and business development projects (providing up to $50,000 for business start-ups, expansions or modernizations). In addition, there is an Aboriginal Community Capital Grants Program that assists in the development of community centres, friendship centres, small business centres and business parks as well as in the undertaking of feasibility studies related to these facilities. Ontario also offers Aboriginal Partnerships Recognition Scholarships. The scholarships help Aboriginal students pursuing post-secondary, business-related studies in the fields of business, science and technology.

The balance of provincially based programs are ether subsets of federal programs or aboriginal controlled ventures such as aboriginal capital corporations.

G. CONCLUSIONS

Our conclusions regarding the design and delivery methods employed to implement the EMF are as follows:

1. **The use of a centralized model for overall coordination of the EMF was efficient and effective.**

   The benefits obtained from employing a centralized model rather than decentralizing the program to line ministries include the following:

   - Facilitated the coordination of funding from multiple sources including the federal government, First Nations and industry.
   - Ensured that projects were completed and program funds were dispersed within the tight deadlines established for most EMF projects;

- Facilitated more rigorous and consistent reporting of EMF project activities; and
- Achieved efficiencies in administration by centralizing this activity to one ministry.

2. **The use of project managers from relevant line ministries was very effective.**

   The primary advantage of this approach is that it ensured project managers had expertise in the sector that the EMF project was focused on.

3. **The time frame for the development and selection of EMF project proposals was too short.**

   Of the 145 projects, 107 were approved during the first fiscal year. Consequently, very little time was allowed for the development and execution of strategies to ensure the most appropriate EMF projects were selected.

4. **The methods employed to develop and select EMF projects were ad-hoc and based primarily on the needs perceived by line ministry staff.**

   Due to the tight time frames for the selection of projects, the primary method employed to identify projects was to consult with line ministry staff to obtain their perceptions of the most appropriate projects that should receive EMF funding. A more systematic approach to select EMF projects would have been to develop a First Nations economic development strategy for the province and then to proactively work with First Nations to develop project proposals that best comply with this First Nations economic development strategy. While there were initial plans to develop sector strategies to guide the development and selection of EMF projects, this was never undertaken due to the short time frame of the program.

5. **Program delivery was constrained because of the inability to transfer funding from one fiscal year to another.**

   This lack of flexibility resulted in some projects being rushed as well as some projects could did not obtain their full funding because they could not complete their projects before the fiscal year end.

6. **Problems were experienced in obtaining matching funding from the federal government for some EMF projects.**

   The initial goal of obtaining matching BCEPI funding from the federal government for most EMF projects was not achieved as only some EMF projects received BCEPI funding. As an illustration, only about 40% of the 24 sample EMF projects received BCEPI funding. One major reason for the lack of BCEPI funding was the time frame for review and approval of BCEPI projects was too long to comply with the short approval times established for the EMF program. Another reason was the lack of sufficient federal-provincial coordination in the development and selection of projects.

7. **The program was effective in obtaining funding for the implementation of the EMF agreements from First Nations, industry and other provincial government programs.**

   As indicated in Chapter 3, the EMF obtained good leverage by obtaining funding from multiple sources for most projects. As evidence of this leverage, $25.9 million was provided by other sources to supplement the $10.7 million in EMF funding for the 24 sample EMF projects. The total funding obtained from industry for the 24 sample projects was $4.3 million while First Nations

contributed a total of $4.8 million. The federal government (particularly Indian and Northern Affairs Canada) contributed a total of $7.8 million while $9.0 million was obtained from other BC government programs for the sample projects.

H. RECOMMENDATIONS

Our recommendations to enhance the design and delivery of the EMF should it be continued are as follows:

1. **A First Nations economic development strategy for the province should be prepared to guide the development and selection of EMF projects.**

   The economic development strategy should specify the types of projects that should be undertaken to best contribute to the objectives of the EMF. In particular, the development of the strategy should include the following:

   - Assessment of the needs of First Nations organizations with regard to undertaking economic development projects;
   - Analysis of the opportunities, constraints, weaknesses and threats to First Nations economic development in BC;
   - Extensive consultations with First Nations organizations throughout BC regarding the most appropriate economic development strategies;
   - Development of strategies to capitalize on economic development opportunities identified; and
   - Pre-feasibility assessments of potential economic development projects that comply with the economic development strategy and should be considered for EMF funding.

2. **Based on a First Nations economic development strategy, a systematic, structured and proactive approach should be employed to select EMF projects.**

   The First Nations economic development strategy should guide the selection of EMF projects. Based on the strategy, program staff should proactively work with line ministry staff and First Nations to develop project proposals that best comply with the First Nations economic development strategy.

3. **A centralized model of program delivery should be employed because it is more effective in delivering a systematic, structured and proactive approach to select EMF projects.**

4. **The use of project managers from relevant line ministries should be continued.**

   The role of project managers should include assistance in project development as well as support during implementation of the EMF projects.

5. **More input and consultations should be undertaken with First Nations during the identification, development and implementation of EMF projects.**

   An EMF advisory committee consisting of First Nations members should be established to guide the implementation of the program. This advisory committee should also contain representatives from line ministries.

6. **A mechanism to transfer funding from one fiscal year to another should be employed to provide more flexibility in the implementation of EMF projects.**

Appendix 1

List of Projects that Received Funding from the EMF

Recipient	Project Description	EMF Support
Aboriginal Tourism BC	Aboriginal Tourism Strategy for BC	70,000.00
Adams Lake	Irrigation Project	475,000.00
Bonaparte	Ashcroft Ranch Landfill	3,240.00
Campbell River	Campbell River Cruise Ship Dock	100,000.00
Cariboo Tribal Council	Comprehensive Strategy for Tourism	252,977.92
Cariboo Tribal Council	Comprehensive Strategy for Forestry	156,428.20
Cdn Col. Inter Trib	Environmental Assmt Tech Wkg Group	30,000.00
Cdn Col. Inter Trib	Columbia Basin Hydro Project	22,720.00
Champagne & Aishinik	FN Protection Area	1,686.17
Cheslatta-Carrier	Keefe's Landing Road Upgrade	950,000.00
Comox	Value Added Forestry Manufacturing Init.	26,700.00
Comox	Tourism Opportunity Study	30,000.00
Cooks Ferry	Irrigation Project	157,500.00
Council of the Haida Nation	Forest Sector Business Opportunity	18,000.00
Council of the Haida Nation	Tourism Development Strategy	60,000.00
Cowichan	Hw'te shutshun Foresty (Hill 60)	600,000.00
Ditidaht & Pacheedaht.	Forestry & Land Use Planning Accord	257,850.00
Doig River	Strategic Business Plan	157,500.00
Doig River & Blueberry River	Northern Lights College (IM)	172,947.04
Douglas	Independent Power Project: hydro - electricity	75,000.00
Environmental Assessment Office	Projects to be determined	206,465.30
Esketemc	Info. Sharing & Consultation Process	339,400.00
Esquimalt	Commercial Site Development	75,000.00
First Nations	Coalbed Methane Business Forums	31,398.20
First Nations: Coast	Forest Tech Training Nicola Valley Inst.	684,475.60
First Nations: North Coast	Shellfish Acquaculture Economic Devpt	60,572.60
First Nations: North Interior	Guilde Outfitters Association of BC	68,620.00
First Nations: Northern Interior	Guide Outfitter Training (IM)	75,299.00
First Nations: Northwest	Aboriginal F.I.R.S.T. Rural Program	75,000.00
First Nations: Treaty 8	Market Opportunities Analysis	187,398.46
First Nations: Treaty 8	Participation in Oil & Gas Conference	20,000.00
First Nations: Vancouver	Aboriginal Employment Prog Downtown	150,000.00
Fort Nelson	Petroleum Employment Training Prog.	400,000.00
Gitanyow	Industrial Park	38,950.00
Gitanyow	Kitwanga River Selective Fish Fence	139,189.00
Gitanyow	Historic Village	30,000.00
Gitanyow	Northwest FN Forestry Agreement	37,000.00
Gitga'at (Hartley Bay)	Business Plan for Forest Tenure Applic.	24,860.00
Gitga'at (Hartley Bay)	Tourism Development Strategy	78,481.00
Gitga'at (Hartley Bay)	Ecosystem based Forestry Trial	99,090.00
Gitga'at (Hartley Bay)	FN Protected Area/Tourism Operators	37,000.00
Gitsegukla	Industrial Hemp & Sust. Agriculture Prog	333,975.00
Gitxsan Treaty Society	Stewart Omineca Resource Road	400,000.00
Gitxsan Treaty Society	Forest Tenure Feasibility Study/Bus. Plan	50,000.00
Haisla	Business Plan for Forest Tenure Applic.	25,000.00
Haisla	Forestry Initiative	25,000.00
Heiltsuk	Ecosystem-Based Forestry Mgt Trial	90,000.00

Heiltsuk	Business Plan for Forest Tenure Applic.	25,000.00
Homalco (Xwemal)	Forest Partnership Development	45,000.00
Hul'qumi'num	Shellfish Site Selection & Business Plan	42,000.00
Hul'qumi'num	Shellfish Site & Business Plan Phase II	188,500.00
Hupacasath	Choo-Kwa Venture Marketing Proposal	20,000.00
Hupacasath	Waterfront Redevelopment Old City Hall	92,000.00
Hupacasath	Fisheries Processing & Smoke House	25,000.00
Huu-ay-aht	Barnfield Huu-ay-aht Community Abalone Project	530,000.00
Huu-ayaht/ Uchcucklesaht	Direct Invitation Forestry	50,650.00
In-SHUCK-ch	Independent Power Production	140,000.00
Iskut	Participation in Environmental Assmt	15,000.00
Kaska Dena	Kaska Dena Forestry Agreement (IM)	25,000.00
Kaska Dena	Kaska Forest Enterprise	529,583.00
Kaska Dena	Tumagain Pilot Project	382,375.71
Kaska Dena (IM)	Oil & Gas	200,000.00
Kaska Dene	Eco Village	73,000.00
Katzie	Abernethy Connector	15,000.00
Katzie	Tourism Opportunity Feasibility Study	20,000.00
Katzie	Blue Mountain Forest Project	40,000.00
Kitasoo	Jackson Lake EBM Operational Trial	520,000.00
Kitasoo	Ecosystem Based Framework Project	100,000.00
Kitasoo	Forest Management Project	75,000.00
Kitasoo	FN Protected Area/Tourism Operators	29,000.00
Kitasoo	Tourism Development Project	50,000.00
Kitasoo	Business Plan for Forest Tenure Applic.	25,000.00
Kitselas	Canyon Historic Site	85,000.00
Kitselas & Kitsumkulum	Business Plan for Forest Tenure Applic.	30,000.00
Kluskus Band	Forest Tenure & Bus Partnership Devpt	129,555.00
Ktunaxa Kinbasket Treaty Council	Coalbed Methane Agreement	195,258.00
Ktunaxa Kinbasket Treaty Council	Forestry & Land Use Planning Accord	335,491.00
Ktunaxa/Kinbasket.	Business Plan for Forest Tenure Applic.	25,000.00
Kwakiutl	Hanson Island Resource Guardian Ini.	195,000.00
Lax Kw'alaams	Business Plan for Forest Tenure Applic.	40,000.00
Lheidli T'enneh	Forestry Enterprise/Forestry Planning	138,422.00
Little Shuswap	Cultural Programming Project	30,000.00
Malaspina College	Shellfish Aquaculture Training Framing	655,000.00
McLeod Lake	Oil & Gas Preparedness	80,000.00
Metis Prov BC	Aboriginal Employment Partnership Init.	900,000.00
Metlakatla	Business Plan for Forest Tenure Applic.	25,000.00
Metlakatla (Tsimshian)	Tourism Cruise Ship Business Devpt	90,000.00
Mt Currie	Independent Power Producers Project	90,000.00
Namgis	Hanson Island	80,000.00
Nauf'sa mawt	Shoal Island Econ.Devpt Initiative	368,019.00
North East Aboriginal Business Centre	Project Management Office	304,992.00
North East Aboriginal Business Centre	Business Relations Advocate	395,874.00
North Thompson	Eight Peaks Project (Remote Lodge)	70,000.00
North West Treaty Tribal	Economic Development Framework	500,000.00
Nuu-chah-nulth Tribal Council	Shellfish Aquaculture Business Development	375,000.00
Nuu-chah-nulth Tribal Council	Experiment WCVI Goose neck Barnacle	200,000.00
Nuu-chah-nulth Tribal Council	Market Branding for Fisheries Products	94,392.00
Okanagan Nation	Coursier Dam Decommissioning Project	20,000.00
Okanagan Nation	Cascade Heritage Power Project	10,000.00
Old Massett	Cultural Complex at Kluu Laanas	50,000.00
Osoyoos	Nk'Mip Desert Heritage Centre	100,000.00
Oweekeno	Bairdll Crab Project	176,900.00

Pacheedaht	Ecotourism Study	30,000.00
Quatsino	Shellfish Aquaculture Business Devpt	109,448.60
Quatsino	Knob Hill Wind Farm Project	6,402.24
Saik'uz(Stoney Creek)	Business Training for Forest Tenure	25,000.00
Shuswap	Jumbo Glacier Resort	21,750.00
Shuswap Band	Water Infrastructure Accord	600,000.00
Shuswap IB	Windermere Road Network	300,000.00
Shuswap Nation Tribal Council	Direct Award	90,000.00
Shuswap Nation Tribal Council	Secwepemc Economic Devpt Forum	60,000.00
Siska t al	Non-Timber Forest Products Bus. Market	33,557.00
Skeetchestn	Research & Devpt in Riparian Zone Mgmt	534,593.40
Sliammon	Business Plan for Forest Tenure Applic.	25,000.00
Sliammon	Tourism	40,000.00
Sliammon	Cultural Centre	41,000.00
Soowahlie	Th'ewali Resources - Arctic Charr	59,705.91
Squamish	Training & Employment - 2010 Olympics	2,300,000.00
Squamish	Whistler Cultural Centre - 2010 Olympics	2,000,000.00
Squamish	Economic Devpt Opportunity Study	45,000.00
Squamish	Naming & Recognition Project	500,000.00
Taku Tinglit	Tourism Feasibility Analysis Training	80,000.00
Tlatlasikwala	Knob Hill Wind Farm Project	6,402.24
Toquaht	Seafood Business Plan & Market Assmt	10,000.00
Toquaht	Forest Tenure & Business Partnership	30,000.00
Toquaht	Stuart Bay Economic Development Options	33,300.00
Tsimshian Tribes	FN Protected Area/Tourism Operators	29,000.00
Ts'kw'aylaxw (Pavillion)	Keatley Creek Interp Feasibility Study	50,000.00
Ts'kw'aylaxwPavillion	Marble Canyon Forestry Initiatives	61,870.50
Tsleil-Waututh	Eco-Trust Heritage Bldg. (IM)	8,100.00
Tsleil-Waututh	Inlailawatash Land Dev. (IM)	36,000.00
Tsleil-Waututh	Canada Place Marine (IM)	9,000.00
Turning Point Society	Coastal Tourism Action Plan	60,000.00
Turning Point Society	Coastal Shellfish Initiative Stage II	85,000.00
Ucluelet	Business Plan for Forest Tenure Applic.	10,000.00
Upper Nicola	Strategic Multi-sector Community ED Plan	29,000.00
Upper Nicola	Irrigation Project	81,000.00
Upper Similkameen	Hedley Project- Mascot Mine	158,000.00
Upper Similkameen	Industrial Park Infrastructure Project	79,956.07
Upper Similkameen	Cogeneration Partnership	45,000.00
Whispering Pines	Bridge Feasibility Study	30,000.00
Wuikinuxv (Oweekeno)	Business Plan for Forest Tenure Applic.	25,000.00
Xeni Gwet'en	Cultural Tourism Partnership Project	70,000.00
Yale	Joint Venture (Qualaark)	299,888.00
Yekoochee	Training for Mineral Exploration/Devpt	200,000.00
Total		$24,793,709.16

Appendix 2
Selected Outcomes of Case Study Projects

The following table provides estimates by project proponents regarding the outcomes of the sample of 24 EMF projects. The reader should be cautioned that the following data is based on estimates provided by project proponents and no attempt has been made to verify the accuracy of the information reported.

A. Number of Training Positions Reported

Case Study Name	Training Positions	Focus of Training
F.I.R.S.T. Rural Training	375	Recreation (swimming and scuba diving)
Olympic Training and Employment	304	Trades and construction, environmental management, tourism, business training, retail, adult basis education, etc.
NE Aboriginal Business Relations	294	Business advisory services, entrepreneurship workshops, etc.
Forest Technician Training	34	Forestry
Kaska Dene Forest Enterprise	28	Forestry
Jackson Lake EBM	25	Forestry (falling and bucking, hauling and loading, booming, driver training, first aid, engineering, road construction, cook)
Turnagain Pilot Training	16	Recreation
Yekooche Mineral Exploration	6	Natural resources
Ditidaht/Pacheedaht	4	Forestry
Upper Similkameen Band Forestry	4	Forestry
Coursier Dam Decommissioning	N/A	Natural resources and archeology
Esketemc First Nation Tenure	N/A	Forestry
Hw'te Shutsun Forestry	N/A	Forestry
Ktunaxa Kinbasket	N/A	Planning and natural resources
Kitsumkalum/Kitselas	N/A	Forestry
Nuu-Chah-Nulth Shellfish	N/A	Aquaculture
Total Reported	**1090**	

B. Number of New and Expanded Businesses Reported

Case Study Name	New and Expanded Businesses
Ktunaxa Kinbasket	30
NE Aboriginal Business Relations	22
Olympic Training and Employment	8
Upper Similkameen Band Forestry	5
Kaska Dene Forest Enterprise	4
Kitsumkalum/Kitselas	4
Nuu-Chah-Nulth Shellfish	3
F.I.R.S.T. Rural Training	2
Esketemc First Nation Tenure	1
Hw'te Shutsun Forestry	1
Yekooche Training and Mineral Exploration	1
Coursier Dam Decommissioning	Could have been but not reported
Ditidaht/Pacheedaht	Unspecified contracts
Downtown Aboriginal Employment	No numbers reported
Jackson Lake EBM	Not reported
O'Keefe Landing Road	Not specified
Turnagain Pilot Training	Not reported
Total Reported	**81**

C. Number of Employment Positions Reported

Case Study Name	Employment Positions	Short Term	Long Term	Sector
Olympic Training and Employment	165		Yes	Other
Kaska Dene Forest Enterprise	162	Yes	Yes	Forestry
NE Aboriginal Business Relations	64		Yes	Other
F.I.R.S.T. Rural Training	60	Yes	Yes (7 of the 60)	Recreation and Natural Resources
Downtown Aboriginal Employment	49	Yes	Yes	Various Sectors
Ktunaxa Kinbasket	42		Yes	Forestry
Ditidaht/Pacheedaht	23		Yes	Forestry
Hw'te Shutsun Forestry	19		Yes	Forestry
Nuu-Chah-Nulth Shellfish	15		Yes	Natural Resources
Upper Similkameen Band Forestry	14		Yes	Forestry
O'Keefe Landing Road	10	Yes	Yes	Forestry
Turnagain Pilot Training	9	Yes		Recreation
Jackson Lake EBM	6	Yes	Yes	Forestry
Heiltsuk Business Plan	5	Not specified	Not specified	Forestry
Esketemc First Nation Tenure	1		Yes	Forestry
Yekooche Training and Mineral Exploration	1	Yes		Natural Resources
Coursier Dam Decommissioning	No numbers available	Yes		Natural Resources
Kitsumkalum/Kitselas	Hired engineers and road crews (no numbers)	Yes		Forestry
Total Reported	**645**	N/A	N/A	